

## NEVADA.

Daniel E. Morton to be postmaster at Carson City, Nev., in place of A. B. Karns. Incumbent's commission expired May 25, 1922.

## NEW JERSEY.

August Graf to be postmaster at Hoboken, N. J., in place of Adolph Lankering, resigned.

## NEW YORK.

Monroe W. LeFevre to be postmaster at Water Mill, N. Y. Office became presidential October 1, 1922.

George W. Harris to be postmaster at Richmondville, N. Y., in place of E. N. Taber, declined.

William F. Winterbotham to be postmaster at Old Forge, N. Y., in place of W. F. Winterbotham. Incumbent's commission expired May 9, 1922.

## NORTH CAROLINA.

George A. Woods to be postmaster at Nazareth, N. C. Office became presidential October 1, 1922.

Don H. Gosorn to be postmaster at Old Fort, N. C., in place of T. L. Grant. Incumbent's commission expired September 5, 1922.

Thomas E. Sparrow to be postmaster at Hillsboro, N. C., in place of G. C. Lynch. Incumbent's commission expired September 5, 1922.

Vernon W. Faris to be postmaster at Henderson, N. C., in place of I. J. Young. Incumbent's commission expired April 16, 1921.

Willis A. Willcox to be postmaster at Halifax, N. C., in place of L. N. Fenner. Incumbent's commission expired January 24, 1922.

Allen R. Edwards to be postmaster at Bladenboro, N. C., in place of A. A. Hilburn. Incumbent's commission expired September 5, 1922.

## NORTH DAKOTA.

Meeda McMullen to be postmaster at Forest River, N. Dak. Office became presidential October 1, 1922.

Paul Keller to be postmaster at Hebron, N. Dak., in place of Paul Keller. Incumbent's commission expired September 5, 1922.

## OHIO.

Joseph M. Collins to be postmaster at Springfield, Ohio, in place of C. P. Dunn. Incumbent's commission expired September 19, 1922.

## OREGON.

Flora A. Fowler to be postmaster at Goble, Oreg. Office became presidential October 1, 1922.

## PENNSYLVANIA.

Carey W. Huff to be postmaster at James City, Pa. Office became presidential October 1, 1922.

Isaac W. Edgar to be postmaster at Glenshaw, Pa. Office became presidential January 1, 1921.

Daniel J. Turner to be postmaster at Clarksville, Pa. Office became presidential October 1, 1922.

John W. Munnell to be postmaster at Waynesburg, Pa., in place of C. K. Spragg, removed.

Jesse E. McCracken to be postmaster at Mahaffey, Pa., in place of B. W. McCracken. Incumbent's commission expired September 13, 1922.

Daniel A. Strayer to be postmaster at Coalport, Pa., in place of J. K. Gorman. Incumbent's commission expired September 13, 1922.

## TENNESSEE.

Conley Collins to be postmaster at Morristown, Tenn., in place of J. E. Helms. Incumbent's commission expired September 5, 1922.

## TEXAS.

J. Edwin Moore to be postmaster at Lometa, Tex., in place of W. H. Reaves. Incumbent's commission expired September 5, 1922.

## VERMONT.

Lawrence L. Tinkham to be postmaster at Quechee, Vt. Office became presidential October 1, 1922.

Charles A. Bourn to be postmaster at Manchester Depot, Vt., in place of H. S. King. Incumbent's commission expired September 19, 1922.

## VIRGINIA.

Edward S. Barnitz to be postmaster at Salem, Va., in place of J. P. Saul, resigned.

Holdway E. Lane to be postmaster at Gate City, Va., in place of J. M. Minnich. Incumbent's commission expired September 13, 1922.

## CONFIRMATIONS.

*Executive nominations confirmed by the Senate November 27, 1922.*

## POSTMASTERS.

## MARYLAND.

Everett M. Layton, Berlin.  
John W. Payne, Preston.  
Robert H. Phillips, Salisbury.  
Victor F. Cullen, State Sanatorium.  
Nettie Fowler, Bowie.

## HOUSE OF REPRESENTATIVES.

MONDAY, November 27, 1922.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We trust that we approach Thee, O Lord, with open hearts and sacred desire. The light of day is a proof of Thy mercy and the night is written all over with the stars of Thy presence. Help us to a clear understanding of these days. Give patience to those who wait and hope to those who labor. In all manly strength and courage may we persevere in the things that are right. As solemn responsibilities have been intrusted to this assembly, bless all Members with broad knowledge that they may be able to respond wisely to their demands.

Give comfort to all homes of sickness. Make a way for us where there is no path, and when the darkness thickens let the pressure of Thy hand be tenderest. Amen.

The Journal of the proceedings of Saturday, November 25, 1922, was read and approved.

## SWEARING IN OF A MEMBER.

Mr. ANDREWS of Nebraska. Mr. Speaker, Mr. R. H. THORPE, Member elect from the first district of Nebraska, to succeed Hon. C. F. Reavis for the unexpired term ending March 4, 1923, is present, ready to take the oath of office. His credentials are on file with the Clerk.

The SPEAKER. The gentleman will come forward.

Mr. THORPE appeared at the bar of the House and took the oath of office.

## THE MERCHANT MARINE.

Mr. GREENE of Massachusetts. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 12817, to amend and supplement the merchant marine act, 1920, and for other purposes.

The question was taken.

Mr. GARRETT of Tennessee. Mr. Speaker, it occurs to me that we ought to have a roll call on this matter, and I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Tennessee makes the point of order that there is no quorum present. Evidently there is not. The Doorkeeper will close the doors, the Sergeant at Arms will bring in absentees, and the Clerk will call the roll.

The Clerk called the roll, and there were—yeas 229, nays 88, answered "present" 1, not voting 114, as follows:

## YEAS—229.

Ackerman	Burness	Darrow	Gerner
Anderson	Butler	Dempsey	Gifford
Andrew, Mass.	Cable	Dickinson	Goodykoontz
Andrews, Nebr.	Campbell, Kans.	Dowell	Gorman
Appleby	Campbell, Pa.	Dyer	Graham, Ill.
Arenz	Cannon	Edmonds	Greene, Mass.
Atkeson	Chalmers	Elliott	Greene, Vt.
Bacharach	Chandler, N. Y.	Ellis	Griest
Barbour	Chindblom	Evans	Hadley
Beck	Christopherson	Fairchild	Hardy, Colo.
Beedy	Clague	Fairfield	Haugen
Begg	Clarke, N. Y.	Faust	Hawley
Benham	Clouse	Fenn	Hays
Bird	Codd	Fess	Henry
Bixler	Cole, Iowa	Fisher	Hershey
Blakeney	Cole, Ohio	Fisher	Hickey
Bland, Ind.	Colton	Fitzgerald	Hill
Boies	Cooper, Wis.	Foster	Himes
Bond	Coughlin	Frear	Hoch
Bowers	Crago	Free	Hogan
Britten	Cramton	French	Hukriede
Brooks, Ill.	Crowther	Frothingham	Hull
Brown, Tenn.	Curry	Fuller	Humphrey, Nebr.
Browne, Wis.	Dale	Gahn	Husted
Burdick	Dallinger	Gensman	James

Jefferis, Nebr.	McPherson	Perkins	Sweet
Johnson, S. Dak.	MacGregor	Perlman	Swing
Johnson, Wash.	MacLafferty	Porter	Taylor, Tenn.
Kahn	Madden	Pringey	Thorpe
Kearns	Magee	Radcliffe	Tilson
Keller	Maloney	Ransley	Tincher
Kelly, Pa.	Mapee	Reece	Tinkham
Ketcham	Martin	Reed, N. Y.	Towner
Kindred	Merritt	Reed, W. Va.	Treadway
Kirkpatrick	Michener	Rhodes	Underhill
Kissel	Miller	Ricketts	Vaile
Kline, N. Y.	Millsbaugh	Roach	Vare
Kline, Pa.	Mondell	Robertson	Vestal
Knutson	Montoya	Robison	Voigt
Kopp	Moore, Ill.	Rogers	Volk
Kraus	Moore, Ohio	Rose	Volstead
Kunz	Moores, Ind.	Rossdale	Walters
Lampert	Morgan	Sanders, N. Y.	Watson
Larson, Minn.	Mott	Scott, Mich.	Webster
Lawrence	Murphy	Scott, Tenn.	White, Kans.
Layton	Nelson, Me.	Shelton	White, Me.
Lazaro	Nelson, A. P.	Sinclair	Williams, Ill.
Lea, Calif.	Nelson, J. M.	Sinnott	Williamson
Leatherwood	Newton, Minn.	Slomp	Wilson
Lehlbach	Norton	Smith, Idaho	Wood, Ind.
Lineberger	O'Connor	Snell	Woodruff
Little	Ogden	Snyder	Wurzbach
Longworth	Olpp	Speaks	Wyant
Luhning	Paige	Sprout	Yates
McDuffie	Park, Ga.	Stafford	Young
McFadden	Parker, N. J.	Stephens	
McLaughlin, Mich.	Patterson, Mo.	Strong, Kans.	
McLaughlin, Nebr.	Patterson, N. J.	Strong, Pa.	

NAYS—88.

Abernethy	Doughton	Larsen, Ga.	Rouse
Almon	Drewry	Lee, Ga.	Rucker
Aswell	Driver	Linthicum	Sanders, Tex.
Bankhead	Favrot	Logan	Sandlin
Barkley	Fields	London	Sears
Bland, Va.	Fulmer	Lowrey	Smithwick
Blanton	Garner	Lyon	Steagall
Bowling	Garrett, Tenn.	McClintic	Stedman
Box	Garrett, Tex.	McSwain	Stevenson
Briggs	Gilbert	Mansfield	Stoll
Buchanan	Hammer	Montague	Summers, Tex.
Bulwinkle	Hardy, Tex.	Moore, Va.	Swank
Byrnes, S. C.	Harrison	Oldfield	Tague
Byrnes, Tenn.	Hayden	Oliver	Taylor, Colo.
Carew	Hooker	Parks, Ark.	Thomas
Carter	Huddleston	Pou	Tillman
Collier	Jeffers, Ala.	Quin	Turner
Collins	Johnson, Miss.	Rainey, Ala.	Tyson
Connally, Tex.	Jones, Tex.	Rainey, Ill.	Vinson
Crisp	Kincheleo	Raker	Wingo
Davis, Tenn.	Lanham	Rankin	Wise
Dominick	Lankford	Rayburn	Wright

ANSWERED "PRESENT"—1.

Sabbath

NOT VOTING—114.

Ansorge	Freeman	Langley	Shaw
Anthony	Funk	Lee, N. Y.	Shreve
Bell	Gallivan	Luce	Siegel
Black	Glynn	McArthur	Sisson
Brand	Goldsborough	McCormick	Smith, Mich.
Brennan	Gould	McKenzie	Steenerson
Brooks, Pa.	Graham, Pa.	McLaughlin, Pa.	Stiness
Burke	Green, Iowa	Mann	Sullivan
Burroughs	Griffin	Mead	Summers, Wash.
Burton	Hawes	Michaelson	Taylor, Ark.
Cantrill	Herrick	Mills	Taylor, N. J.
Chandler, Okla.	Hicks	Morin	Temple
Clark, Fla.	Huck	Mudd	Ten Eyck
Classon	Hudspeth	Newton, Mo.	Thompson
Cockran	Humphreys, Miss.	O'Brien	Timberlake
Connolly, Pa.	Hutchinson	Osborne	Tucker
Cooper, Ohio	Ireland	Overstreet	Upshaw
Copley	Jacoway	Parker, N. Y.	Ward, N. Y.
Cullen	Johnson, Ky.	Petersen	Ward, N. C.
Davis, Minn.	Jones, Pa.	Purnell	Wason
Deal	Kelley, Mich.	Ramsayer	Weaver
Denison	Kendall	Reber	Wheeler
Drane	Kennedy	Riddick	Williams, Tex.
Dunbar	Kless	Riordan	Winslow
Dunn	King	Rodenberg	Woods, Va.
Dupré	Kitchin	Rosenbloom	Woodyard
Echols	Klecza	Ryan	Zihlman
Focht	Knight	Sanders, Ind.	
Fordney	Kreider	Schall	

So the motion was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Mann (for) with Mr. Sabbath (against).

Until further notice:

Mr. Dunbar with Mr. Brand.

Mr. Fordney with Mr. Cockran.

Mr. Purnell with Mr. Tucker.

Mr. Davis of Minnesota with Mr. Bell.

Mr. Shreeve with Mr. Gallivan.

Mr. Ramsayer with Mr. O'Brien.

Mr. Mudd with Mr. Williams of Texas.

Mr. Anthony with Mr. Dupré.

Mr. Connolly of Pennsylvania with Mr. Cantrill.

Mr. Newton of Missouri with Mr. Griffin.

Mr. Rosenbloom with Mr. Upshaw.

Mr. King with Mr. Weaver.

Mr. Graham of Pennsylvania with Mr. Sullivan.  
 Mr. Mills with Mr. Deal.  
 Mr. Thompson with Mr. Johnson of Kentucky.  
 Mr. Michaelson with Mr. Riordan.  
 Mr. Kless with Mr. Sisson.  
 Mr. Green of Iowa with Mr. Hawes.  
 Mr. Focht with Mr. Goldsborough.  
 Mr. McKenzie with Mr. Humphreys of Mississippi.  
 Mr. Morin with Mr. Kitchin.  
 Mr. McArthur with Mr. Mead.  
 Mr. Ward of New York with Mr. Hudspeth.  
 Mr. Burton with Mr. Black.  
 Mr. Denison with Mr. Cullen.  
 Mr. Luce with Mr. Woods of Virginia.  
 Mr. Sanders of Indiana with Mr. Ward of North Carolina.  
 Mr. Winslow with Mr. Jacoway.  
 Mr. Osborne with Mr. Drane.  
 Mr. Kendall with Mr. Taylor of Arkansas.  
 Mr. Burroughs with Mr. Overstreet.  
 Mr. Langley with Mr. Clark of Florida.

The result of the vote was announced as above recorded.

A quorum being present, the doors were opened.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the merchant marine bill, with Mr. TILSON in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 12817, which the Clerk will report for amendment.

The Clerk began the reading of the bill.

Mr. GRAHAM of Illinois. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. GRAHAM of Illinois. Under the rule or practice is it intended to read the whole section before the offering of amendments?

The CHAIRMAN. The bill will be read by sections under the rule. The Clerk will proceed to read the first section of the bill.

The Clerk began the reading of the bill.

Mr. FREAR. Mr. Chairman, I want to ask—I did not hear the ruling of the Chair—is it that the paragraph must first be read before the offering of amendments?

The CHAIRMAN. The bill is being read by sections. The Clerk will proceed to read the first section of the bill.

The Clerk read as follows:

*Be it enacted, etc.—*

TITLE I. AMENDMENTS TO THE MERCHANT MARINE ACT, 1920.

SECTION 1. Section 5 of the merchant marine act, 1920, is amended to read as follows:

"SEC. 5. (a) That in order to accomplish the declared purposes of this act, and to carry out the policy declared in section 1 hereof, the board is authorized and directed to sell, as soon as practicable, consistent with good business methods and the objects and purposes to be attained by this act, at public or private competitive sale after appraisal and due advertisement, to persons who are citizens of the United States, except as provided in section 6 of this act, all the vessels referred to in section 4 of this act or otherwise acquired by the board.

"(b) Any vessel may be sold without such advertisement or such competitive sale, if such action is specifically authorized by the board upon an affirmative vote of not less than five of its members, and if such vote and a full statement of the reasons for authorizing such sale are spread upon the minutes of the board.

"(c) Any sale under this section shall be made at such prices and on such terms and conditions, including the use or disposition of the vessel by the purchaser, as the board may prescribe; except that (1) the completion of the payment of the purchase price and interest shall not be deferred more than 15 years after the making of the contract of sale, (2) interest on the unpaid purchase price shall be payable at least annually at a rate of not less than 4 per cent per annum, and (3) the payments of principal shall be so arranged that the amounts due or paid under the contract of sale as principal up to any moment of time shall be sufficient to cover depreciation of the vessel up to such moment, unless the board waives this requirement upon the giving of adequate security.

"(d) All sales made under the authority of this act shall be subject to the limitations and restrictions of section 9 of the shipping act, 1916, as amended."

Mr. GRAHAM of Illinois. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM of Illinois: Page 2, lines 6 to 11, inclusive, strike out all subsection.

Mr. GRAHAM of Illinois. Mr. Chairman and gentlemen of the committee, this subsection provides, in brief, that any vessel may be sold without advertisement or competitive sale if the action is specifically authorized by the Shipping Board and if that board writes down on their minutes why they wanted it done. I suppose the idea of those who framed this par-



ticular subsection was that if the reasons were given on some record somewhere that was all that is considered necessary for safety. Let me say to the membership of the committee that I consider this one of the most vulnerable sections. Gentlemen of the committee, and especially those on the Republican side, I want to say a word to you about this. The Republican Party is chargeable for this bill, and properly so. There are several of us here who would like to vote for this bill if it can be amended so that it can be defended among our constituencies, but I want to say to you earnestly now on the Republican side that those who are in charge of this bill had better listen rather carefully to suggestions that are made by those who are friendly to the cause of the Republican Party and friendly to the general principle involved in this bill and be liberal in permitting amendments to this bill. [Applause.] If you do that, so far as I am concerned I want to go along. I do not think I need vouch for my abstract of title to Republicanism. I want to vote for this bill. I want the bill fixed so that I can vote for it, and the place to fix it is here. The Republicans should have fixed it in conference, so as to come in with a united front, but we did not, so we must perfect it here, if at all. Now, we have this one section that ought not to be in this bill. Some of the worst scandals that arose out of our late war came from negotiated sales of surplus materials that came after the war was over. Millions of dollars worth of surplus material were sold without advertisement, not sold as the result of competitive bidding, and sold by negotiated sales. Those sales stink to the high heaven. Here are \$3,000,000,000 worth of ships. It may be that they are only worth \$150,000,000. Here are 2,200 ships, and the members of the majority side, because it is our bill, propose to give to the Shipping Board, composed of men who may or may not know what the ships are worth, and who may or may not be honest, the power to sell these ships for anything they see proper. What sort of proposition is that? Let me tell you something, gentlemen on the Republican side. For every mistake or error of judgment that this Shipping Board may make in their sales of these vessels we will be held responsible, and the people of this country will not question whether they were errors of judgment or mistakes, but they will hold us responsible for the worst possible construction to be placed upon their acts. This section ought to be stricken out.

These ships ought to be sold by competitive bidding so that you can go to the country and defend the sales. I sincerely trust that this section will go out of this bill. [Applause.]

Mr. FREAR. Mr. Chairman, I wish to speak to the same amendment.

The CHAIRMAN. The gentleman is recognized in opposition to the amendment.

Mr. FREAR. In favor of the amendment. I take the same position so far as the pending amendment is concerned as the gentleman [Mr. GRAHAM of Illinois] who preceded me. I also take the same position regarding my Republicanism, which has been uniform for many years since the first time I ever voted. As I received a majority of over 37,000 in the last primary, I have no apology to make. I want to read something in regard to this very question which comes to me from the New York Herald upon this very point, an article which has been printed and circulated throughout the country in regard to views expressed several days ago by the Wisconsin delegation. A reporter of the New York Herald called on me and endeavored to put words in my mouth which I refused to agree to. This is the first time this has happened to my knowledge from any reputable reporter. As a class they are of as high a character as men on this floor, I believe. This is what he said in addition to the authorized statement given out, which authorized statement was as follows:

I have been instructed to say that the Wisconsin delegation individually and collectively expects to work with the Republican organization as heretofore. It has no candidate to offer nor support to ask as a delegation. Primarily, it is interested in the enactment of progressive legislation, which is interpreted to be a recent mandate from the people.

Here is the misstatement that has no basis of fact whatever, as follows:

Mr. FREAR said the Wisconsin delegation would not oppose the selection of Mr. GILLET and Representative LONGWORTH as Speaker and Republican floor leader.

That statement was never made, never could be made, because never discussed by the delegation, and existed only in the imagination of the Herald reporter. No other paper, to my knowledge, has printed any such inference as that published by this paper.

Mr. MONDELL rose.

The CHAIRMAN. For what purpose does the gentleman from Wyoming rise?

Mr. MONDELL. Mr. Chairman, we want to conclude the consideration of this bill. We want to have every provision of

the bill read and an opportunity allowed for amendment before the time comes for voting. In order to do that the House must confine itself to the matters before it. I hope the gentleman from Wisconsin [Mr. FREAR] will not bring in extraneous matters and that we may get down to the discussion of the bill and the amendment.

Mr. FREAR. I am in sympathy with the gentleman. I want to make just a brief statement.

Mr. MONDELL. I hope the statement the gentleman will make will be very brief.

Mr. FREAR. My brief statement is, in effect, that I never made such a statement. There is no truth in it, because I could not speak in any way for the delegation. As to another part, that the Republican leader believes it is a confession of weakness, I do not believe any Republican leader ever made such a statement to the Republicans.

Mr. EDMONDS. I am going to accept the amendment.

Mr. FREAR. Well, of course, if the gentleman is going to accept the amendment, I will not pursue the matter further.

Mr. LINTHICUM. Mr. Chairman, let the amendment be read again.

The CHAIRMAN. The gentleman from Maryland asks unanimous consent that the amendment be again read.

Mr. MONDELL. The amendment was read clearly. It is an amendment simply to strike out.

Mr. LINTHICUM. I could not hear in the confusion.

The CHAIRMAN. The amendment is to strike out paragraph (b) of the section.

Mr. EDMONDS. The amendment is to strike out paragraph (b), on page 2. So far as the committee are concerned, we are perfectly willing to accept the amendment.

The committee put it in for this reason—that the Shipping Board found itself in the position where it would be forced to advertise every time a man made a request for a ship. That took time—a large amount of time. Sometimes a prospective purchaser found another ship, and the Shipping Board did not sell to him. This is not vital to the bill, and it makes no difference to the committee. We are perfectly willing to accept the amendment.

I want to say further that we are having prepared an amendment that will take the industrial ships, like those of the Standard Oil and the United States Steel, away from being the recipients of any subsidy.

This matter was taken up with five or six of the Republicans in the committee who drew the bill, and, although we deemed that it is absolutely vital for war purposes that we should have these ships, however it seems to be the sentiment of the House that we are not going to have any more wars and that we do not need the ships. I will offer an amendment to take that compensation out of the bill.

Mr. LONDON. Mr. Chairman, will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. LONDON. Does not the expression, "public or private competitive sale," on the first line of page 2, comprise the very language that paragraph (b) was intended to provide for?

Mr. EDMONDS. As I understand it, they invite 10 or 15 people who are likely to purchase a ship. When a man comes in and asks for a ship they will invite 10 or 15 people who are likely to purchase the ship and make a private competitive sale for it. In other words, they will auction it off.

Mr. WHITE of Maine. Mr. Chairman, will the gentleman yield?

Mr. EDMONDS. I do not want the House to be laboring under a mistake. Outside of the tankers we have got 1,200 ships, of 9,059,000 tons—dead-weight tons. Twenty-eight and five-hundredths per cent of those vessels are of the lake type; 14.07 per cent of the dead-weight tonnage of those vessels are of the lake type. I am trying to give you information. So far as the committee is concerned we will accept the amendment and be prepared to go on.

Mr. WHITE of Maine. Mr. Chairman, I wish to say a word in behalf of myself and others who are somewhat responsible for this provision going into the bill. One of the considerations favoring its insertion is the one expressed by the gentleman from Pennsylvania. There has been a fear expressed over and over again that a few localities and a few interests would acquire these ships if they were put up to competitive bids to the exclusion and prejudice of other localities. There is a provision of the bill under which certain areas are sought to be taken care of, a provision looking to maintenance of existing lines.

A further reason for this provision was that these localities that have existing lines under this provision might acquire these ships notwithstanding, for instance, New York, Philadelphia, or Boston interests might be willing to come in and outbid them at a competitive sale. We were seeking by this pro-

vision to make an equal distribution of these ships throughout all the territory of the United States.

Mr. HARDY of Texas. Mr. Chairman, the gentleman has come to the latter part of the game. I would like to be heard a moment on this same amendment.

The CHAIRMAN. The gentleman's time has expired.

Mr. MONDELL. The debate is exhausted on the amendment, Mr. Chairman.

The CHAIRMAN. The gentleman from Texas can make a proper motion.

Mr. HARDY of Texas. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Texas moves to strike out the last word.

Mr. HARDY of Texas. Mr. Chairman, just in order to keep the record straight I wish to say that in this committee the minority members tried their very best to have this section of the bill stricken out, and we went back to the act of 1920, the Jones Act, which required advertisement and competitive bids, and we insisted that these ships should not be sold except after due advertisement under competitive bids, and the majority of the committee then refused to accept our proposition. But I note that they now have come to terms.

We shall move later to strike out and go back to the act of 1920. Not only is this paragraph subject to objection but I am glad to see that on this day the wakening interest of the people is causing the gentleman from Pennsylvania [Mr. EDMONDS] to accept one amendment in the interest of the honest administration of this law, if it is to be passed. [Applause on the Democratic side.]

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn in opposition to this amendment.

Mr. MONDELL. Mr. Chairman, it may be proper that this amendment should go out. And yet, speaking from the technical standpoint, it may be proper that it should stay in. If it is necessary for the corporation to do business there ought to be a provision of this sort. Unfortunately you can not—and you can not largely because of partisanship and partisan criticism—conduct these transactions as they would be conducted by private parties. If the ships were sold under a provision of this sort and the sale were ever so proper and legitimate, even if it were just what should be done, it would afford the opposition the opportunity to criticize.

I think we should not leave anything in this bill which by any possibility can give anyone an opportunity to say that we are not in an honest, straightforward, aboveboard way trying to make possible the carrying of the American flag on the high seas. Of course this board ought to have some discretion; and yet, being a Government board, as matters go in this country, we can not give them that discretion without involving criticism. Therefore the provision ought to go out.

The CHAIRMAN. The question is on agreeing to the amendment.

The question being taken, the amendment was agreed to.

Mr. DAVIS of Tennessee. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. DAVIS of Tennessee: On page 2, line 13, after the word "conditions," strike out the following words: "including the use or disposition of the vessel by the purchaser."

Mr. DAVIS of Tennessee. Mr. Chairman, the provision which I propose to strike out is one of the innumerable provisions in this bill conferring upon the Shipping Board extraordinary power and discretion. The bill as it reads authorizes them to sell at such prices and on such terms and conditions as they may prescribe, "including the use or disposition of the vessel by the purchaser."

Now, if an American citizen desires to buy one of these ships and is able to buy it and pay for it, why should the Shipping Board be given the right to say what he shall do with it, or whether he shall operate it or where he shall operate it, or whether he shall sell it to some other American citizen? There are provisions in the bill against the transfer to foreign registry and such things as that, but this provision which my proposed amendment would strike out simply gives the Shipping Board a power which they should not possess and a power by which they could work injustice to American citizens and favor other American citizens. My amendment ought to be adopted.

Mr. MOORE of Virginia. May I interrupt the gentleman for a moment?

Mr. DAVIS of Tennessee. Yes.

Mr. MOORE of Virginia. It is a fact, is it not, that this language which the gentleman is criticizing does not appear in the Jones Act?

Mr. DAVIS of Tennessee. It does not appear in the Jones Act. I want to say in this connection to the Members on the other side that the merchant marine act of 1920, known as the Jones Act, which this bill proposes to mutilate and in many particulars to destroy, was enacted by a Republican Congress, and the last Republican platform boasted of the wisdom of that act and of the fact that it would "insure the establishment and maintenance of an American merchant marine." And as was suggested by the gentleman from Virginia [Mr. MOORE], this provision which I propose to strike out changes the act of 1920 in that respect.

Mr. WHITE of Maine. Mr. Chairman, I rise in opposition to the amendment. I do not suppose anyone will question the legal right to sell conditionally anything that you may possess. The prime purpose of including this language here was much the same as that which prompted the provision which has just gone out of the bill. It was an effort to make certain that these ships owned by the Government should be equitably distributed throughout the ports and localities of the United States. We were moved by the desire to make certain, if it could be done by law, that if there were a fleet of vessels or a single vessel moving, we will say from Baltimore to Chile or from Galveston to Habana, or from any other port to a foreign port, if those vessels were sold the United States might say to the purchaser, "You have got to maintain the service which the people of that particular locality are now enjoying." It is a provision put in the bill in the interest of the whole United States—in the interest of the ports of the Pacific, the ports of the Gulf, the ports of the Atlantic—to make sure that the people dwelling in those localities shall have an adequate shipping service. That is the only reason for putting it in, and that is the reason why it ought to be left in the bill.

Mr. SNELL. Will the gentleman yield for a question?

Mr. WHITE of Maine. Yes.

Mr. SNELL. If this provision should be stricken out of the bill what would hinder a man who is now operating a Government ship buying it at a very low figure, with the intention on our part that he should continue it in that service, and then turning around and selling it to some foreign purchaser?

Mr. WHITE of Maine. There would be the general provision of law against the sale to foreign interests without consent, but there would be no provision of law which would compel a man to keep that ship in a desirable service. This provision is entirely for that reason.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. WHITE of Maine. Yes.

Mr. BRITTEN. Is it not also intended to prevent destructive competition?

Mr. WHITE of Maine. I do not know what some other persons may have had in mind with respect to that, but that was not what was in my mind. I can only repeat what I said, that my thought was that we ought to maintain so far as possible by law existing services, and we ought to create services elsewhere if it was desirable to do so, and we thought this provision made it possible in some degree, so far as law can do those things, the bringing about that result.

Mr. DAVIS of Tennessee. Will the gentleman yield?

Mr. WHITE of Maine. I yield to the gentleman from Tennessee.

Mr. DAVIS of Tennessee. I want to ask the gentleman from Maine if it is not a fact that the purpose and effect of the provision would be that the Shipping Board could prevent competition by withholding the sale of ships wherever and in whatever cases they desired to do so?

Mr. WHITE of Maine. I think they can always refuse to sell ships, and that this provision does not affect that situation at all.

Mr. MONDELL. Mr. Chairman, no provision in this bill is more essential or more important than the one which the gentleman from Tennessee [Mr. DAVIS] desires to strike out. If it were stricken out it might happen that every line running from southern ports would be discontinued. It might happen that no line would be permanently continued except a few great steamship lines. It might happen that the service absolutely essential to make the American merchant marine valuable—that is, a regular service from given ports in the United States to given ports abroad—might be abandoned and that we should have nothing except a tramp merchant marine, depriving us of that service which is above all the most essential service, service at stated times from all of the great ports of the country to the peoples with whom we have commerce.



I can not understand how anyone at all favorable to this bill, desirous of building up an American merchant marine, could approve or even suggest the amendment that has been offered by the gentleman from Tennessee. Under it the entire purpose of the bill might be defeated, and if we had a fleet at all it might be that the entire fleet would be largely engaged only in the more remunerative lines of commerce. The smaller ports, the American small harbors having a small amount of commerce, might, if this were stricken out, be entirely deprived of all service under the American flag.

Mr. HARDY of Texas. Mr. Chairman, I wish to answer what has been stated. The trouble with this provision in the bill, and the purpose declared by the two gentlemen who have just spoken, is that it is the purest camouflage. Nobody is more interested than I, and the gentleman who has offered this amendment, in the preservation of the shipping lines in the service of the smaller ports which we hope will be bought and continued in the service of the smaller ports by the people of such ports who will not desire to sell them. But when you attach this provision and limitation to the sale of a ship you will let every little man who wants to invest know that his head is in the lion's mouth, that his paw is in the trap, and that the power of life and death is given to the Shipping Board over his property which he buys and would like to pay for.

It is known further that the big corporations in this country do not have the same fear, because they have influence with the public and with the board to secure permission to sell the ships they might buy. The little investor will go to the Shipping Board as a prospective buyer of ships, but he knows "if he buys this ship they will hold him for all time, not for one year, not for five years, but during all time; they will not permit him to sell that ship." Do you not know that if that is done you will prevent any little man from buying? If the gentleman thought the omission of that would crush southern ports, does he think that in the Jones Act we would have omitted it and sought to crush the southern ports? We did not put it in because we wanted an honest sale, and we provided for a fair valuation and a fair price for the ships, which can only be had by giving a clear title to a ship when you sell it. With this restriction on the title and use of the ships you can not sell them except to the big corporations, knowing they will not be prevented from disposing of the ships.

Mr. DAVIS of Tennessee. Will the gentleman permit a suggestion?

Mr. HARDY of Texas. Yes.

Mr. DAVIS of Tennessee. Is not that specially true in view of the fact that Mr. Lasker stated at the hearings that it would be the policy of the board to require a cash payment to the amount of 80 per cent?

Mr. HARDY of Texas. That is the policy of the Shipping Board, and the ships will be sold to the big interests; they do not favor the little purchasers, and this clause will prevent the little purchaser from buying.

Mr. CHINDBLOM. Mr. Chairman, perhaps a word should be said in the opening of the debate on amendments with reference to the attitude of the committee. Of course, we do not claim that this is a perfect bill or a perfect proposal for legislation. We do say, Mr. Chairman, that the committee has spent many months of hard labor on the bill and thinks it will accomplish the purposes intended.

There are two purposes intended; one is to sell the ships now controlled and operated by the Shipping Board and get them into private hands. The second and larger purpose is to establish an American merchant marine in all the trades and lines where we have a commerce. I am surprised that the gentlemen representing the Gulf States should object to this proposition. The people from the Gulf of Mexico were among those who appealed for protection in the sale of these ships. The people on the Pacific coast were among those who appealed for protection in the sale of these ships. They wanted an opportunity to buy the ships and they wanted the assurance that the ships would be retained on the Gulf and on the Pacific Ocean and in the South Atlantic ports.

Mr. BANKHEAD. Will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. BANKHEAD. The gentleman has expressed a good deal of solicitude about the trade in the Gulf and South Atlantic ports. Why was not he willing to accept the request of the representative from those interests that section 7 of the Jones Act should be allowed to remain as it is?

Mr. CHINDBLOM. Does not the gentleman from Alabama know that the representative agreed to the provisions in this bill?

Mr. BANKHEAD. I do not know it, and we will show that when we reach the section.

Mr. CHINDBLOM. Mr. Chairman, speaking for myself, we are anxious to have constructive criticism and constructive amendments, but we do not think we should yield to those gentlemen who propose to kill the bill and kill the legislation and who will not vote for it no matter what you do. [Applause.] You may adopt every amendment suggested by the gentleman from Tennessee, and when you are all through I doubt if he will vote for the bill. If the friends of the bill come forward and make the proper suggestions and offer proper amendments, this committee will listen attentively and receptively to any such suggestions. This provision is an essential portion of this legislation if we are to maintain an American merchant marine and preserve our trade in the sections of the country where that is necessary, and the provision should be retained in the bill.

The CHAIRMAN. The question is on the amendment.

Mr. FREAR. Mr. Chairman—

The CHAIRMAN. Debate has been exhausted on the amendment.

Mr. FREAR. Mr. Chairman, I move to strike out the last word. I want to say in answer to the gentleman who has last spoken that I understand him to say that only amendments will be permitted to this bill coming from those who are recognized friends of the bill.

Mr. CHINDBLOM. I did not say that.

Mr. FREAR. I take it that there are many gentlemen on the floor who have not yet determined in their own minds what their course will be. I think there are such Members on both sides of the House. I understand by statements made by members of the committee that there are 1,400 ships now held by the Government and 13 are in commission under the Shipping Board.

Mr. CHINDBLOM. There are 400 ships out of the 1,298, outside of the tankers.

Mr. EDMONDS. I can give the gentleman the figures.

Mr. FREAR. I will assume the statement made by the gentleman from Illinois is correct. Is there danger that the 1,000 ships are going to be taken over by certain interests, so as to prevent the whole country or every port in the United States from being taken care of? That is the question in my mind on this particular amendment. In whose power will you put it to determine where these boats are going? Mr. Lasker's? Mr. Lasker is the publicity agent and concedes that he is not acquainted with the merchant marine service, I understand.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. FREAR. In a moment. Here are a thousand ships unsold, and you want to sell them. We want to sell them to anyone who will buy them. You say that some of them are to be given away. Let us try to sell them if we can, and do not let us give all of the power to this commission, so that they can say that the ships shall go to a Gulf port or to a seaport in the Orient, or elsewhere. Let us say that these ships are for sale, and before the thousand now unsold are exhausted it may be we will come back here and control the rest, if we find there is no provision for Gulf ports about which the gentleman seems to be so anxious.

Mr. EDMONDS. Right in that connection with this amendment, let us presume that there is a line running out of Galveston or some southern port, and that somebody comes in from New York having more money than this line has, who wants to buy a number of ships to put into competition with that line. We used the term:

including the use or disposition of the vessel by the purchaser—

Mr. FREAR. Then that would remove the competition to which the man who ships is entitled. You are by this provision attempting to give a subsidy, and you are trying to destroy competition or putting it in the hands of Mr. Lasker to do it. I do not think that is good Republican doctrine; it is not good American doctrine.

Mr. WHITE of Maine. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes.

Mr. WHITE of Maine. As I understand the situation, it is this. I want to talk on the point that the gentleman is discussing.

Mr. FREAR. Just ask the question. That is all I care to say on this amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Tennessee.

The question was taken; and on a division (demanded by Mr. DAVIS of Tennessee) there were—ayes 52, noes 90.

So the amendment was rejected.



Mr. SEARS. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. SEARS: Page 2, line 1, after the word "public" strike out the words "or private."

Mr. SEARS. Mr. Chairman, on the 20th of this month this bill was introduced and on the 21st was reported, and Members of Congress could not get the bill, consisting of 63 pages and involving about \$6,000,000,000 worth of property, until the following day. The President of the United States on the 22d came before Congress and addressed us, and at that time urged us to pass this bill. Therefore, I presume the President knew what the bill contained. All last week the chairman of this committee and those who he states are friends of the bill fought for the bill as it stands. I want to congratulate those on the Republican side for getting a softening of the heart and at least accepting some amendments, such as the amendment offered by the gentleman from Indiana, and also indicating that later on they would offer amendments eliminating the Steel Co. and the Standard Oil Co. Why this change of front and of heart perhaps some day the people will know.

I was struck by the remarkable statement of the chairman of this committee. He said that Mr. Lasker and this board will call in 1 or 2 or 12 or 15 men, who want to buy ships, and will let them bid on the ships, sitting around the table. Who are those 12 or 15 men that are going to be called in by Mr. Lasker? I read before I left home to attend this session for the purpose of considering this bill that a corporation was being formed for the purpose of buying these ships. The President has said that we wantonly, wastefully, and madly expended money during the war. Mr. Chairman, we are now about to wantonly and wastefully waste the people's money and fasten on them, and I fear their children's children, a tax to meet this subsidy, by this hasty legislation. These sales should only be at public sale, where each American citizen will have the right to bid on the ships, and no man should have the right to call in 10 or 12 or 15 of his friends and let them sit around the table and go through the farce of bidding on these ships. Those of us who have been in public life and have seen these private sales know what they mean. We know that the little man who wants to buy a vessel will never get a chance to bid upon it. We know who are going to finally get these ships, although we have been unable to find out during the debate, and I want to again congratulate my Republican friends upon their repudiation of the President of the United States by admitting that the bill he urged us to pass was not properly drawn; that it is subject to amendment, and that we should amend it. I hope the chairman will also accept the amendment which I have offered in order that no one man—and I mean no reflection on Mr. Lasker, we do not know who will be the guiding spirit when these sales are made—shall have the right to invite a few friends to sit around a table and go through the farce of bidding on these vessels. Let each and every American citizen have the right to bid on these vessels at public sale, and then the people can not complain.

Mr. EDMONDS. Mr. Chairman, all I want to say in answer to the gentleman is that this is existing law and it has worked satisfactorily. There has been none of the scandal that occurred during the Democratic administration of the Shipping Board. All parties in interest have been notified. This has been done right along. There is no real reason for taking it out of the bill. It is in the Jones Act and has worked satisfactorily for two years.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word. When the amendment was offered by the gentleman from Illinois [Mr. GRAHAM] to strike out subdivision (b), it was, I take it, unanimously stricken from the bill.

Mr. WHITE of Maine. Oh, I voted against it.

Mr. BLANTON. The gentleman from Maine is the only vote that I know of who was against it. It was repugnant to the sensibilities of the House that that provision should stay in the bill.

Mr. CHINDBLOM. There was another thing that was against it.

Mr. BLANTON. Yet at the time that amendment was offered it remained for the gentleman from New York [Mr. LONDON] to call attention to the fact that the very power that we were seeking to take away from the Shipping Board was yet in the bill, in the language of the preceding paragraph. There is no question but that the vice of subdivision (b) is still in this bill, and the amendment by the gentleman from Florida [Mr. SEARS] will strike it out, and it ought to be stricken out. You say that there ought to be private sales without real advertisement and without public competition.

There was read into this RECORD the other day by the gentleman from Tennessee [Mr. DAVIS] an article that appeared in last week's New York Tribune, showing that two officers of the Shipping Board who are now out of the people's Treasury drawing each an annual salary of \$35,000 are forming a syndicate to buy the 13 boats that are now in operation and which are making some profit.

Mr. EDMONDS. Will the gentleman yield?

Mr. BLANTON. They are to buy these boats. How? Buy them in open competition with the shipping interests of the world? No. I take it if they are to buy them the Shipping Board would give them the same privilege of buying them at this private sale they would give anyone else. We have a spectacle of these \$35,000 a year members of the Shipping Board sitting around the table and buying these 15 ships without real competition.

Mr. SNELL. Will the gentleman yield?

Mr. BLANTON. I will.

Mr. SNELL. I do not understand the provisions of this section as the gentleman does, and I wondered if the gentleman or myself was wrong. It means private competitive sale—get the real meaning of the bill.

Mr. BLANTON. The gentleman has probably in the course of his experience heard of competitive sales where there was no real competition, where competition is arranged beforehand, where there are but two bidders and both friendly so far as their interests are concerned, unknown to the seller. That could be the competition.

Mr. SNELL. Will the gentleman yield further?

Mr. BLANTON. I will yield.

Mr. SNELL. Why not take the whole line in the consideration of the amendment? It does not mean the same to me as to the gentleman, and I am perfectly honest, and I believe the gentleman is. It says, "private competitive sale after appraisalment and due advertisement."

Mr. BLANTON. The Shipping Board—

Mr. SNELL. Come down to what is in the bill and be honest.

Mr. BLANTON. I am going to be honest with the gentleman. The Shipping Board appraises those 15 boats—

Mr. SNELL. And due advertisement.

Mr. BLANTON. Just a moment. It does not provide real advertisement.

Mr. SNELL. Then I can not read. Take the bill and read it.

Mr. BLANTON. Except to specify—

Mr. SNELL. After appraisalment and due advertisement.

Mr. BLANTON. What is due advertisement? [Laughter.] Does it mean it is in open shipping journals in the United States?

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLANTON. I have been interrupted and I ask for five additional minutes.

The CHAIRMAN. Is there objection. [After a pause.] The Chair hears none.

Mr. SNELL. Will the gentleman yield?

Mr. BLANTON. Just a moment.

Mr. SNELL. Come to a consideration of the bill.

Mr. BLANTON. One question at a time and I will answer the gentleman.

Mr. SNELL. That is all I ask.

Mr. BLANTON. They advertise in some little insignificant paper down at Norfolk—

Mr. SNELL. Is that due advertisement?

Mr. BLANTON. Or at Richmond, that they are going to sell certain boats at private sale. No one knows about the inside agreements.

Mr. HARDY of Texas. Will the gentleman yield?

Mr. BLANTON. In a moment. These \$35,000 a year shipping experts with some friends come in and sit around a table, and one offers an insignificant sum, such as was offered when the first boats were put on sale, of \$1, and these experts then make their offer. Now I yield.

Mr. HARDY of Texas. In the hearings before this committee the chairman of the Shipping Board appeared, and he said he had taken a total roster of all the ships they had; that they had appraised them and advertised; and they considered that that appraisalment and advertisement was a compliance with the existing law when hereafter they sought to sell a ship.

Mr. BLANTON. That answers the gentleman from New York [Mr. SNELL]. I want to say to the distinguished gentleman from Illinois [Mr. GRAHAM], who is sincere, if he wants to see the people's interests are safeguarded, I want to say to him that if he expects to protect the people's interests in this bill he should stand here and insist on these words authorizing private sales going out of this bill, because under the bill



with those words left in you are going to find just such sales made under simulated competition. The distinguished gentleman from Illinois is an expert lawyer; he has been around courthouses for years; and he knows that in many instances there has been an apparent competition, there has been an apparent advertisement, there has been an apparent due notice, and yet there is no competition whatever concerning the sale of property in large amounts. I want to say he ought to stand up and insist upon those words going out if he is still sincere in wanting to protect the interests of the people.

Mr. MONDELL. Mr. Chairman, of course the gentleman who has occupied 10 minutes time would not vote for the bill if this amendment or any other amendment—

Mr. BLANTON. The gentleman has me right.

Mr. MONDELL. Were agreed to. He is against the bill, against the principle of the bill, against the method of making the bill, and he would be against the bill under any and all circumstances. I am not surprised at gentlemen on the Democratic side being disturbed for fear something will not protect the public interest. We have had enough examples of that sort of thing during their administration to put anyone in a frame of mind to be suspicious. But, Mr. Chairman, we expect the gentlemen who are in charge of these important affairs for the Government to be honest, conscientious men, trying to do their duty. Objection is made to the use of the word "private" or "private competitive sale." I do not think that it is the happiest phrase that could be employed, but what it intends to cover is the sale under sealed bids. This is the provision of the existing law. The gentleman was here when the Jones Act was adopted, and he seemed to have no difficulty about it then. If this word was stricken from the bill, the only way the sale could be made would be by public auction. Every one familiar with sales of this sort knows that there must be other ways of selling than by public auction. There must be sales under sealed bids and that sort of thing which is described here.

Cries of "Vote!"

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Florida.

The question was taken, and the amendment was rejected.

Mr. HARDY of Texas rose.

The CHAIRMAN. For what purpose does the gentleman from Texas rise?

Mr. HARDY of Texas. I rise to strike out section 1 of the bill.

The CHAIRMAN. The gentleman from Texas moves to strike out section 1 of the bill.

Mr. GRAHAM of Illinois. Mr. Chairman, I have an amendment to perfect the section.

The CHAIRMAN. That would be in order before action is taken. The gentleman from Texas has the floor on his amendment if he desires it.

Mr. HARDY of Texas. I shall discuss my amendment, then, and later on—

Mr. FREAR. Mr. Chairman, I wish to offer a perfecting amendment.

Mr. HARDY of Texas. As I understand the ruling of the Chair, I may offer my amendment now, and it will wait until the perfecting amendment has been acted upon?

The CHAIRMAN. Yes.

Mr. HARDY of Texas. I would like to ask unanimous consent to proceed for 10 minutes on this motion.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to proceed for 10 minutes. Is there objection?

Mr. GREENE of Massachusetts. I object.

The CHAIRMAN. Objection is made. The gentleman from Texas is recognized for five minutes.

Mr. HARDY of Texas. Mr. Chairman, I am sorry that there has been an objection, because I want to present at some length my reason for offering the motion to strike out this section. It is an amendment to section 5 of the Jones Act. Section 5 of the Jones Act and section 7 of the Jones Act laid down the policy upon which the Republican Party went before the people in 1920 with reference to the merchant marine. I want to read to you section 5 of the Jones Act, which is being amended, emasculated, and destroyed by this bill. Section 5 of the Jones Act provides:

That in order to accomplish the declared purposes of this act, and to carry out the policy declared in section 1 hereof, the board is authorized and directed to sell, as soon as practicable, consistent with good business methods and the objects and purposes to be attained by this act, at public or private competitive sale after appraisement and due advertisement, to persons who are citizens of the United States except as provided in section 6 of this act, all of the vessels referred to in section 4 of this act or otherwise acquired by the board. Such sale shall be made at such prices and on such terms and conditions

as the board may prescribe, but the completion of the payment of the purchase price and interest shall not be deferred more than 15 years after the making of the contract of sale.

Then section 5 continues:

The board in fixing or accepting the sale price of such vessels shall take into consideration the prevailing domestic and foreign market price of, the available supply of, and the demand for vessels, existing freight rates and prospects of their maintenance, the cost of constructing vessels of similar types under prevailing conditions, as well as the cost of the construction or purchase price of the vessels to be sold, and any other facts or conditions that would influence a prudent, solvent business man in the sale of similar vessels or property which he is not forced to sell.

Very carefully this bill now under consideration eliminates every restriction placed upon the Shipping Board which requires them to get some fair price for these ships. The bill places them in an attitude where they might sell these ships as junk, for a song or a trifle, even though the United States is not forced to sell. The whole policy of the Government is changed by this bill from section 5 of the Jones Act. And you should bear in mind, gentlemen, you on that side, that section 5 of the Jones Act was by your convention at Chicago, when you nominated Mr. Harding, declared to express the policy of the Republican Party with reference to maintaining a merchant marine.

And when you get to section 7 of the Jones Act you will find that the words sought to be stricken out of this bill by my friend from Tennessee is intended to repeal that section. Section 7 of the Jones Act declares that if the Shipping Board could neither sell those ships for what they were worth or charter them for what they were entitled to bring, then the Government could operate the commercial lines necessary to the welfare of this country until they had demonstrated the feasibility of such lines and then they could sell at a fair price.

Gentlemen, if you adopt section 1 of this bill, you are blotting out section 5 and section 7 of the act which you once approved by your votes in this House in 1920 and which you approved by the declaration of your party platform, and you abandon what you went to the people on, and you adopt another policy by which you place an unlimited power in the Shipping Board to sacrifice every ship the Government owns and to sell at a song that which cost our people \$3,000,000,000 and which you could not replace to-morrow for less than \$75 a ton. They propose to sell them at an average of \$20 per ton. You could not replace these ships for \$75 a ton. There are a great many passenger ships among them. You know you could not replace them for \$75 a ton.

This law upon which you went to the country required that you should sell those ships for something like what they were worth. That law provided also that you should consider what they could be rebuilt for when you went to price them. You should consider the world prices, and then if the shipping interests undertook to hold up the Shipping Board by refusing to bid, that law requires that the Shipping Board shall operate these ships along desirable lines until they do establish the feasibility of maintaining those ships in operation.

Yes; there is an offer now, I understand, to buy the United States Line, which is being operated by Mr. Rossbottom. Just as fast as the Shipping Board puts a successful line in operation you are going to find a private interest coming in to buy, and then the Shipping Board may sell them for a song, may sell them for whatever they please. Are you in favor of that?

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. GRAHAM of Illinois. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

Mr. BRIGGS. Mr. Chairman, the other amendment, offered by Judge HARDY, is still pending for debate, is it not?

The CHAIRMAN. It is open to debate. The gentleman from Illinois [Mr. GRAHAM] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM of Illinois: Page 2, line 19, after the word "than," strike out the figure "4" and insert in lieu thereof the figures "4½."

Mr. GREENE of Massachusetts. Mr. Chairman, I will accept the amendment.

Mr. FREAR. Mr. Chairman, I wish to offer a perfecting amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Illinois [Mr. GRAHAM].

The amendment was agreed to.

Mr. FREAR. Mr. Chairman, on line 19 I move to strike out the words "a rate of not less than 4½ per cent," according to the present amendment, and insert simply the figure "6."



The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. FREAR: Page 2, line 19, strike out "a rate of not less than 4½" and insert in lieu thereof the figure "6."

Mr. SANDERS of Indiana. Mr. Chairman, I make the point of order that that is not in order, because the committee has just passed an amendment fixing the number. You can not offer to strike out a number and insert another number.

Mr. FREAR. I will abide the ruling of the Chair. If the Chair holds this amendment out of order, then I will offer another.

The CHAIRMAN. If the amendment of the gentleman from Wisconsin simply struck out the language that was inserted it would not be in order; but it proposes to strike out other material language, and therefore the Chair overrules the point of order.

Mr. FREAR. My reason for offering this amendment is this, Mr. Chairman: It seems to me we are to act intelligently here. I hope so. Even though the members of the committee believe this is a proper bill to put through, in present form, I ask you in all fairness, what law there is to-day that puts in the hands of any man or any set of men the right to determine in their own judgment the rate of interest that may be charged?

Mr. WHITE of Maine. Will the gentleman yield?

Mr. FREAR. Yes.

Mr. WHITE of Maine. The existing law authorizes the Shipping Board to take any rate of interest they see fit.

Mr. FREAR. Then that is the only board which does that, to my knowledge. That being so, it seems to me we should state positively in the statute in this case, as we do in every other case, as the law does when dealing with foreign loans, what the rate shall be, so fixed that the board can not change it. We ought to fix the rate. Whether it is 4½ or 6 per cent is a secondary consideration; but why should we place in the hands of a set of men the right to say to the gentleman from Wyoming, "You can have this at 4½ per cent," and to the gentleman over here on my right, "You may have it at 10 per cent"? Why place that discretion in the hands of anyone. And where have you ever done it before?

Mr. MONDELL. On the foreign debt the limitation is not less than 4½ per cent.

Mr. FREAR. We fixed it there because of the rate at which we sold the Liberty bonds. I tried to put through on the floor the very amendment mentioned fixing the interest rate and you voted against it. Now, I ask you to vote the restriction so that it will not be in the hands of two or three men or five men to say that the rate of interest to one man shall be 10 per cent and to another 4½ per cent. Let me say in addition that 6 per cent is the rate. That is the rate the average man out in my country pays on his loans. Why are you putting it at 4½? I ask that you treat all alike.

Mr. WHITE of Maine. Will the gentleman yield?

Mr. FREAR. Yes.

Mr. WHITE of Maine. It is because of the existing law.

Mr. FREAR. I do not care about the existing law. Let me say that I do not believe one man on this floor, outside of your committee, knows what the existing law is. When the bill was put through some of these matters of taxation were not known to the Members, and I question whether the members of the committee themselves could explain to the satisfaction of the House the meaning of these taxation propositions claimed to be in existing law. We are dealing with the bill before us. We are fixing a law that is going to control the loaning of \$125,000,000, and I say we ought to fix the rate of interest positively, and fix it at the ordinary rate paid in the West, and not grant special favors as is done in this bill.

Mr. BRIGGS. Is it not true that the President in his message to Congress last week expressly condemned the existing law for not fixing a definite rate with reference to the interest upon construction loans, stating that it left it open to the whims of favoritism?

Mr. FREAR. That is the position that I assume ought to be taken in regard to this bill.

Mr. WHITE of Maine. Mr. Chairman—

The CHAIRMAN. The time of the gentleman has expired. The question is on agreeing to the amendment offered by the gentleman from Wisconsin [Mr. FREAR].

The question being taken, the amendment was rejected.

Mr. BRIGGS. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman from Texas rise?

Mr. BRIGGS. To debate the amendment.

Mr. MONDELL. Is the gentleman in favor of the amendment?

Mr. BRIGGS. I am in favor of the amendment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BRIGGS. I move to strike out the last word.

Mr. MONDELL. I think we ought to have a vote on the amendment.

Mr. BRIGGS. The amendment I am referring to is not the one that has been passed on. It is the amendment pending.

The CHAIRMAN. The question is on the amendment of the gentleman from Texas [Mr. HARDY] to strike out the entire paragraph. To that the gentleman from Texas [Mr. BRIGGS] offers a motion to strike out the last word. The gentleman is recognized for five minutes.

Mr. BRIGGS. Mr. Chairman, as I understand it, the Frear amendment has been voted on.

The CHAIRMAN. The amendment pending is the amendment of the gentleman from Texas [Mr. HARDY].

Mr. BRIGGS. Mr. Chairman, under section 5 of the existing Jones law there is nothing to prevent the Shipping Board from selling the fleet to-day at any price it chooses consistent with good business judgment. When the question came before your committee of striking out of it the safeguards now contained in section 5 the question was asked repeatedly why the Shipping Board should be relieved of all responsibility when they can already sell the fleet for any price they desired. But, my friends, the testimony developed that when bids were invited for this great fleet last February the bids which were received were so hopelessly inadequate that the chairman of the Shipping Board called them facetious. The witnesses before the joint committee testified that there was no sale for the ships; and yet advocates of this subsidy insisted that the Government should sell the ships as soon as possible, although in the same breath they admitted that there was no market for the ships.

What is the meaning of this amendment to this act which is now contained in the bill? It can mean only one thing. It is to give to the Shipping Board the impression that Congress did not want them to observe prudence and good business judgment any longer, but wanted them to sell the ships at all hazards, no matter if they were sold for \$5 apiece or 5 cents apiece. That can be the only reason. It can be the only effect of this amendment. My friends, I am persuaded that when you take this safeguard out of the bill you will never get \$200,000,000, even for a fleet of 10,000,000 tons of ships, but will sacrifice it for a mere pittance and then pay the syndicate that acquires it a tremendous subsidy based not upon the sacrifice purchase price but upon the cost of new construction. The motion of Judge HARDY should prevail.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas [Mr. HARDY].

The question being taken, on a division (demanded by Mr. HARDY) there were—ayes 37, noes 69.

Accordingly the amendment was rejected.

Mr. LEHLBACH. Mr. Chairman, inasmuch as section 3 has been stricken from the bill, I offer the following amendment:

Page 2, line 12, strike out the letter "c" and insert "b"; page 3, line 1, strike out the letter "d" and insert "c."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. LEHLBACH: Page 2, line 12, strike out the letter "c" and insert "b"; page 3, line 1, strike out the letter "d" and insert "c."

The CHAIRMAN. Without objection, the amendment will be agreed to.

There was no objection.

Mr. STEVENSON. Mr. Chairman, I offer the following amendment:

The Clerk read as follows:

Page 2, line 1, after the word "sale" insert the words "under sealed bids."

Mr. STEVENSON. Mr. Chairman, as the bill has been left the provision enables them to assemble around the table when many of the people who want to buy will not be there, and shade their bids in order that certain people can acquire ships, while the people who are not there have no opportunity to shade their bids. If they are going to sell at private sale under competitive bids they should be sold by the bids that have been made, and not on the bids that may be jockeyed after they have gathered there.

The gentleman from Pennsylvania [Mr. EDMONDS] a while ago said that they had decided that they were going to undertake to remove from the bill the provision giving a subsidy to the Standard Oil Co. and other great interests of that character. If you allow them to buy these ships at just such a figure as they see fit to make, they do not care very much whether they get a subsidy or not, because, after they have acquired the ships at such a price as they want, you have left in the tariff bill a provision that when the shipbuilder imports the materials of which he builds the ship—and the gentleman



from New York [Mr. CHANDLER] made the statement that they could buy them cheaper abroad—if he sells the ship to a foreigner the Treasury will give him a rebate on all the tariff he paid on the material. If he sells it to go under the American flag he sells it loaded, so you have made it impossible for the cheapest method of getting ships to be followed, except to get them by these bids, and I am in favor of hedging it about so that nobody can acquire them by method of favor, or by jockeying of bids after they get around the table, when other competitors can not get there.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina.

The question was taken; and on a division (demanded by Mr. STEVENSON) there were 26 ayes and 69 noes.

So the amendment was rejected.

Mr. MONDELL. Mr. Chairman, I move that all debate on the section and all amendments thereto be now closed.

Mr. BLANTON. Mr. Chairman, I have a perfecting amendment that I want to offer to the section.

Mr. HARDY of Texas. Mr. Chairman, does the adoption of this motion cut off amendments to the section?

The CHAIRMAN. It does not. It cuts off debate. The question is on the motion of the gentleman from Wyoming that all debate on this section and all amendments thereto be now closed.

The question was taken; and on a division (demanded by Mr. BLANTON) there were 66 ayes and 28 noes.

So the motion of Mr. MONDELL was agreed to.

Mr. BLANTON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 23, after the word "moment," insert the words "together with an equal annual payment of the consideration price."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken, and the amendment was rejected.

Mr. MOORE of Virginia. Mr. Chairman, I offer an amendment, and I would like to ask the attention of the chairman to the reading of it.

The Clerk read as follows:

Page 2, line 2, following the words "due advertisement," insert the words "hereafter published."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The question was taken, and the amendment was rejected.

Mr. HARDY of Texas. Mr. Chairman, I offer the following amendment:

At the end of section 1 insert the following: "The board in fixing or accepting the sale price of such vessels shall take into consideration the prevailing domestic and foreign market price of, the available supply of, and the demand for vessels, existing freight rates and prospects of their maintenance, the cost of constructing vessels of similar type under prevailing conditions, as well as the cost of the construction or purchase price of the vessels to be sold, and any other facts or conditions that would influence a prudent, solvent business man in the sale of similar vessels or property which he is not forced to sell."

Mr. Chairman, I take that language from the Jones Act.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

At the end of section 1 insert the following: "The board in fixing or accepting the sale price of such vessels shall take into consideration the prevailing domestic and foreign market price of, the available supply of, and the demand for vessels, existing freight rates and prospects of their maintenance, the cost of constructing vessels of similar types under prevailing conditions, as well as the cost of the construction or purchase price of the vessels to be sold, and any other facts or conditions that would influence a prudent, solvent business man in the sale of similar vessels or property which he is not forced to sell."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. HARDY of Texas) there were 35 ayes and 64 noes.

So the amendment was rejected.

Mr. OLIVER. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. OLIVER: Amend section 1 by adding the following proviso: "Provided, however, That the ship known as the *Leviathan*, now being reconditioned, shall be not sold for a price less than the cost for reconconditioning said vessel."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. OLIVER) there were—ayes 54, noes 57.

Mr. GARRETT of Tennessee. Mr. Chairman, on that I demand tellers.

Tellers were ordered, and the Chair appointed Mr. OLIVER and Mr. EDMONDS to act as tellers.

The committee again divided; and the tellers reported—ayes 81, noes 78.

So the amendment was agreed to.

Mr. BLANTON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 2, line 25, insert the following after the word "security":

"Provided, however, That no employee of the Government shall in any way be interested as a vendee in any purchase made from the Shipping Board."

Mr. GREENE of Massachusetts. Mr. Chairman, there is no objection to that amendment.

Mr. MONDELL. That is the law already.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

SEC. 2. (a) Section 7 of the merchant marine act, 1920, is amended by inserting after the first proviso thereof the following: "Provided further, That domestic communities primarily interested in such lines shall be understood to mean the geographical divisions of the coast lines of the United States known as the North Atlantic, South Atlantic, Gulf, and Pacific coasts, together with the particular ports from which such lines may run or be intended to run, and the territorial regions and zones naturally tributary to such ports and coastal divisions: Provided further, That the board shall not for the period of two years after the enactment of the merchant marine act, 1922, sell such vessels to persons other than those who have the support, financial and otherwise, of the domestic communities primarily interested in such lines:"

(b) Such section is further amended by adding at the end thereof a new paragraph to read as follows:

"It is hereby declared to be the policy of Congress to discourage monopoly in the American merchant marine, and, in pursuance of this policy, the board is directed, in the development of its sales policy, to continue as far as possible and practicable, subject to the provisions of this section, all existing steamship routes and regular services and to endeavor in every way to bring about the permanent establishment of such routes and services, and their retention, as far as possible, in the hands of persons having the support, financial and otherwise, of the domestic communities primarily interested in such routes and services. In carrying out the provisions of this section the board is directed to investigate fully all matters in connection therewith and to conduct hearings at which the persons interested in such communities may have the opportunity to express their views as to the course to be pursued by the board and the methods to be adopted in carrying out the policy herein prescribed."

Mr. DAVIS of Tennessee. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Tennessee: Page 3, line 7, after the word "mean," strike out the following: "the geographical divisions of the coast lines of the United States known as the North Atlantic, South Atlantic, Gulf, and Pacific coasts, together with."

Mr. DAVIS of Tennessee. Mr. Chairman, by striking out the words proposed to be stricken out by this amendment it will leave the definition to read as follows:

That domestic communities primarily interested in such lines shall be understood to mean the particular ports from which such lines may run or be intended to run, and the territorial regions and zones naturally tributary to such ports.

That would constitute a natural and a correct definition. The language which I propose to strike out is a "joker," and absolutely destroys the pretended purpose of the amendment in the bill. Why do I say that? Simply because the "geographical divisions of the coast lines of the United States" known, for instance, as the North Atlantic and the others specified, goes so far as to permit an absolute nullification of the definition which should be given for the protection of these trade routes. There are several steamship lines that operate boats out of the North Atlantic, the South Atlantic, and the Gulf, or out of two of those, and under the provisions here if they operated one boat out of the Gulf they would be authorized to purchase any boat operating out of any Gulf port, even though their office be in New York and they operated out of the North Atlantic also. Therefore, this joker is for the purpose of permitting certain big lines, with offices in New York, to gobble up some of those little lines operating out of the Gulf and the South Atlantic. The other side will be put to the test on whether or not they are in favor of that, whether they want to strike the joker out and leave the natural meaning. This is very important and has been agitated by the Middle West and the Northwest as well as the South by witnesses who have appeared before the committee and who say if it is not safeguarded they are against this bill. The Middle West Merchant Marine Association, the Mississippi Valley Association, and numerous other organizations have declared against the bill unless that section is reported as it should be by striking this out and adopting other amendments which will be offered.

Mr. GRAHAM of Illinois. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Tennessee. Yes.

Mr. GRAHAM of Illinois. I understood in a general way that the Mississippi Valley Association had suggested this language.

Mr. DAVIS of Tennessee. No. I will say to my friend that the gentleman from Alabama [Mr. BANKHEAD] will later offer the identical amendment that the Mississippi Valley Association and others have offered and asked the committee to adopt, and it is widely different in many respects from the language which was adopted by the majority of the committee. The majority of the Committee on the Merchant Marine and Fisheries recognized the importance of this, and in their report on this bill they used this language:

During the hearings, representatives of the Middle West and the South Atlantic expressed themselves as apprehensive that the sales policy of the board might be such as to vest control of the board's tonnage in the hands of monopolistic interests so as to work eventually to the detriment of the shippers of the Middle West, and possibly undo the work done by the United States Shipping Board in building up adequate services from all American ports. The committee recognized clearly the need of insuring that all sections of the country be afforded adequate water transportation facilities, and while believing that the danger of monopoly in cargo lines is not as great as is feared, nevertheless agreed that adequate guaranties should be incorporated in the bill to remove all doubt upon the point.

They have made a pretense of meeting the situation, but as any man can see by reading the language, the language which I propose to strike out absolutely destroys the very purpose which they claim to be wanting to serve. It could not be inserted for any other purpose than that which I have stated, and those who are in favor of protecting all of the ports, those who are in favor of protecting all of the trade routes, and especially those who are interested in protecting the South and also the great Middle West should vote for the amendment and protect and safeguard those sections from monopolistic interests.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. LEHLBACH. Mr. Chairman, the amendment offered by the gentleman from Tennessee [Mr. DAVIS], if adopted, would greatly embarrass, hamper, and restrict the effort to establish a merchant marine serving uniformly all sections of the country. As to the attitude of those persons who are interested in section 7 of the merchant marine act, and supplementary legislation provided for in this bill, I hold in my hand a letter dated June 13, 1922, signed by Mr. Malcolm Stewart, chairman of the Middle West Merchant Marine Association, which speaks for the interests of the shipowners of the Middle West very largely, and in a proposed amendment of section 7, which, in substance, is the amendment carried in this bill, they use exactly the same language in determining the meaning of "domestic communities primarily interested." The effect of the amendment of the gentleman from Tennessee would be not to allow service to a community, a geographical division, North Atlantic, South Atlantic, Gulf, and Pacific coasts, together with the ports from which said lines may run or be intended to run, but would restrict the effect of this limitation to every particular port from which at the present time a boat may run.

Manifestly situations may arise in the service from a particular port at which there is a boat at the present time which make it impracticable to continue the service. Section 7 as we have it prohibits, unless the line or boat is put in charge of persons or citizens of the community affected, any sale for two years, giving the people in the community and in that subdivision an opportunity to organize and to take over the operation of their foreign transportation. But to restrict the limitation to particular ports would seriously hamper and render difficult and embarrassing and at times impractical the effort to furnish adequate merchant marine service for all sections to all parts of the world. That is the idea of this bill.

Mr. BRIGGS. Mr. Chairman, I move to strike out the last word. The building up of all lines of service and trade routes from various ports of the United States is one of the prime features of the Jones law of 1920. It is specifically provided there that these lines shall be built up and established, so that in time they may be acquired by the community or ports from which they operate. This provision in section 2 of this bill pretends to be in harmony with such purpose, but it is not because it is limited to geographical divisions of the Atlantic, of the Pacific, and the Gulf, so that if any line operating from any one of the ports along the Atlantic, or any one of the ports along the Pacific, or any one of the ports along the Gulf, they would comply with this provision and deny the people of the other ports and the contiguous territory the right to utilize and acquire the American vessels operating in Shipping Board trade routes established from other ports. My friends, this is

one of the most important provisions of this bill. It can not embarrass anybody to have it made clear that domestic communities means the particular ports and territory naturally tributary to them and it can not embarrass the Shipping Board, because the thing itself pretends to leave the impression that lines running from particular ports shall be preserved. Let us see what it says. Amend section 7 of the merchant marine act as follows by providing:

*Provided further,* That domestic communities primarily interested in such lines shall be understood to mean the geographical divisions of the coast lines of the United States known as the North Atlantic, South Atlantic, Gulf, and Pacific coasts, together with the particular ports from which such lines may run or be intended to run, and the territorial regions and zones naturally tributary to such ports and coastal divisions.

There can be no harm in striking out the language referred to in the pending amendment so as to clearly define that the term "domestic communities" is not limited to coastal geographical zones, and the amendment should be adopted.

Mr. MONDELL. Mr. Chairman, we could not expect gentlemen who are opposed to this bill, and opposed to it in any other form, to be consistent, but I am a little surprised that the gentleman from Tennessee [Mr. DAVIS], who continues to endeavor to convey the impression that he wants to be fair about the matter, should become as widely and as wildly inconsistent as he has in a very few moments in his attitude toward the bill. When we considered section 1 the gentleman moved to strike out the words in lines 13 and 14, "including the use or disposition of the vessel by the purchaser." He said it was not wise to give the Shipping Board authority to insist that a certain service should be maintained; that they should have no authority at all. They should not be in a position where they could compel that service from the port or from the section, and he became quite eloquent in trying to explain what an unhappy thing it would be to give the Shipping Board that authority.

Mr. DAVIS of Tennessee. Will the gentleman yield?

Mr. MONDELL. When we came to section 2 he took exactly the opposite position in regard to the authority of the Shipping Board. I will yield.

Mr. DAVIS of Tennessee. I want to state that the gentleman is incorrect. I—

Mr. MONDELL. I did not yield to the gentleman to make a speech.

Mr. DAVIS of Tennessee. We proposed to fix it so as to protect the routes.

Mr. MONDELL. Of course, the gentleman would not mutilate the bill by taking from it the authority it is proposed to give the Shipping Board to insist upon the continuation of the service from the ports. Now, we have reached another provision of the bill where that authority, or direction under that authority, is to the effect that they shall consider services or sections.

They are not to be compelled, this is a general direction to the board, they are not to be compelled to insist that the service from one port to another shall be continued, but it is their duty at least to see that the service from certain sections shall be continued; that is, that they shall continue to have this service on the North Atlantic and shall continue it on the South Atlantic. The gentleman a few minutes ago did not want the Shipping Board to have any discretion in the matter at all, and now he insists that they shall be given authority to require that service, no matter where it may be or what the conditions may be under which the route shall be continued, even though the service from a neighboring port might be more satisfactory and might be a better service to establish. Mr. Chairman, I want to emphasize the shifting attitude; anything to defeat the bill, anything to embarrass the committee, anything to make the bill less effective, less workable, anything to leave it in a condition where it may be attacked and criticized. That is the attitude the gentleman from Tennessee has revealed by his opposition first to section 1 and his opposition now to section 2.

Mr. CHINDBLOM. Mr. Chairman, I would like to inquire of the gentlemen who are now so solicitous about the Mississippi Valley and the interests associated with the Mississippi Valley Association if they have any information later than June 13, 1922, with reference to their attitude on this matter?

Mr. BANKHEAD. Yes. This is something later than that.

Mr. CHINDBLOM. Let us have it.

Mr. BANKHEAD. We will produce that in due season.

Mr. CHINDBLOM. I have it in writing.

Mr. BANKHEAD. What is your writing that you refer to?

Mr. CHINDBLOM. This is a letter from the chairman of the Middle West Merchant Marine Committee.

Mr. BANKHEAD. What does he say?



Mr. CHINDBLOM. I will tell you what he says. He asks for an amendment, and he proposes exactly the thing that is in the bill. I will read to you what he proposes, and I will ask you to follow the language in the bill and see if there is any difference. This is from a letter of the president of the Middle West Merchant Marine. He requested the following amendment:

*Provided further*, That "domestic communities primarily interested in such lines" shall be understood to mean the geographical divisions of the coast lines of the United States known as the North Atlantic, South Atlantic, Gulf, and Pacific coasts, separately, together with the particular ports from which such lines may run or be intended to run, along with the territorial regions and zones naturally tributary to such ports and coastal divisions.

That is the amendment that was requested by the Middle West Merchant Marine Committee, and I will state that Mr. Malcolm Stewart, its president, says this amendment has been drawn up by the Middle West Merchant Marine Committee, representatives of the Mississippi Valley Association, and others interested in the Gulf and South Atlantic, as being a document calculated to give them the protection desired in their Middle West amendment. Then in this letter of June 13, 1922, he says:

We hope that no member of your committee will get the impression that the Middle West Merchant Marine Committee is only interested in the Gulf and South Atlantic ports.

The contrary is the case—

We are just as much interested in the smaller ports of the North Atlantic, and we are intensely interested in the Pacific ports.

Now, Mr. Chairman, this organization came before the Committee on the Merchant Marine and Fisheries and presented their case and requested certain amendments to the original draft of the bill, and most, if not all, of those amendments are incorporated in the bill. Of course, our friends on the other side wish to improve on what our friends in that section of the country themselves desire.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. BANKHEAD. In that case will the gentleman accept in his amendment the actual proposition offered at the hearings by these gentlemen who desire to protect their interests?

Mr. CHINDBLOM. Is not this of a later date?

Mr. BANKHEAD. Oh, I do not know what the date is.

Mr. CHINDBLOM. This is of date June 13. What is yours?

Mr. BANKHEAD. I am talking about the official amendment of the proponents of this proposition.

Mr. CHINDBLOM. This letter is of date June 13, 1922.

Mr. BANKHEAD. If the gentleman will remember the date of the appearance of Mr. Stewart before our committee, he will have the exact date.

Mr. CHINDBLOM. Have you the exact date?

Mr. BANKHEAD. I have not, I will say to the gentleman.

Mr. CHINDBLOM. That is of date May 27. This is June 13.

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the Chairman announced that the "noes" have it.

Mr. DAVIS of Tennessee. A division, Mr. Chairman.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 38, noes 80.

So the amendment was rejected.

Mr. BRIGGS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BRIGGS: Page 3, line 14, strike out the word "two" and insert the word "five."

Mr. BRIGGS. Mr. Chairman and gentlemen of the committee, this amendment extends the time from two years, as fixed in the bill, to five years, in which domestic communities may acquire the lines on trade routes now operated by the Shipping Board. When this matter was up for consideration by the joint committee, delegations from the Middle West, delegations from the South Atlantic, and delegations from the Gulf appeared and insisted that under existing conditions and prospects they could not hope within less than five years to obtain the financial support which would enable the domestic communities to invest in and take over the Shipping Board service. They came before that committee and—

Mr. BUTLER. Mr. Chairman, will the gentleman yield?

Mr. BRIGGS. Yes.

Mr. BUTLER. This postpones the sale of the ships for five years—your amendment would do that?

Mr. BRIGGS. This simply gives the local community an opportunity within five years in which to purchase the lines.

Mr. BUTLER. I am not contentious at all.

Mr. HARDY of Texas. That refers to the ships that are now running?

Mr. BRIGGS. Yes; the services that are now being operated.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. BRIGGS. Yes.

Mr. SNELL. Does the gentleman think it expedient for the country to extend the limit of the present operations until five years, when we are trying to cut down the expenses and get rid of the expense of this Government ownership and operation?

Mr. BRIGGS. In answer to that I will say that your committee thought it well to extend it at least for two years. The discussion in the committee indicated that if you would turn this fleet over to-day to buyers, although they might buy it for nothing, they would have to tie up the ships until ocean trade revived. The contention made by these sections of the country, by the South Atlantic, by the Gulf, and by the Middle West, was that it would take them five years to obtain the financial support necessary to maintain these services, which they felt are valuable to the communities they are serving—the contiguous territory, embracing largely the Gulf States, the South Atlantic States, and the Middle West—and building up an American merchant marine.

Mr. SNELL. Would not two years be a reasonable time in which to take the ships over? It seems that the intention of the bill is to cut off the expense now borne by the Government as speedily as possible.

Mr. BRIGGS. The section of the Jones Act which is involved here, section 7, declared that it was the purpose to preserve these lines and continue to serve the domestic communities contiguous to them. It was said that two years would not be a reasonable time; that the depression of shipping was so great that you could not hope to interest the people in buying within that time. Therefore, they came before the committee and asked five years.

Mr. SNELL. Could they get the money in five years?

Mr. BRIGGS. The question was not so much buying the boats as running them. Even if you gave the idle boats away, the owners would still have to tie them up until trade revives. You can not keep the idle ships in operation until world trade revives. The greatest depression the world has ever known prevails at the present time.

Mr. SNELL. I am talking about ships that are in existence, ships that are being operated at the present time. Are we not talking about ships that are owned and operated by the Government at the present time?

Mr. BRIGGS. Most assuredly.

Mr. SNELL. Then they are being operated.

Mr. BRIGGS. The lines are being operated, but, my friend, as you have emphasized, along with others I think, the lines are not yet a paying proposition. Money is being lost all over the world, in private operation as well as by the Shipping Board. Mr. Lasker stated in the hearing that the Government to-day is giving as fine operation and fine service as is being given in private operation, and the private operators who testified before that committee said that they were losing money on a part of their service and making only a little on the other. This amendment of five years, instead of two years, carries out strictly the purposes of the Jones law enacted in 1920.

Mr. EDMONDS. Mr. Chairman, answering the gentleman, I should like to say that I have always believed in consistency. The principal losses of the Shipping Board to-day come in those lines that the gentleman wants to perpetuate under MO4 contracts, and that some gentleman in his home town wants to perpetuate under MO4 contracts. We are trying to economize. The opposition have been talking about economizing and about wanting the interests of the Government safeguarded. We want the interests of the Government safeguarded. We went into this matter thoroughly. Only last night Mr. Lasker told me the principal losses of the Shipping Board were made in their effort to establish these lines on the Gulf.

Mr. BRIGGS. Will the gentleman yield for a question?

Mr. EDMONDS. Yes.

Mr. BRIGGS. The gentleman has said I am in favor of the MO4 contracts. I never expressed myself in favor of them; but I want to say that the chairman of the Shipping Board, after denouncing MO4 contracts, held that they are the only things under which those lines can be kept in service.

Mr. EDMONDS. The gentleman knows as well as I do that if those lines are continued they must be continued under something like the MO4 contracts.

Mr. BUTLER. Will the gentleman yield?

Mr. EDMONDS. Yes.



Mr. BUTLER. You gentlemen of the committee are very familiar with these things. What is a MO4 contract?

Mr. EDMONDS. A contract where the agent takes the boat and gets a commission for handling the boat and also gets a commission for getting freight to the boat, and if the boats goes out half full, the Government pays the bill, because the agent has no interest as to whether the boat has a full cargo or not. If two years from now the Government wishes to extend this privilege, it can do so. Mr. Chairman, I move that all debate on this section and the amendments thereto be now closed.

Mr. BANKHEAD. I hope the gentleman will not insist on that. I have a substitute that I want to offer for the whole section.

Mr. EDMONDS. My motion does not prevent the gentleman from offering amendments. It simply closes debate on the amendments.

Mr. BANKHEAD. I hope the gentleman will allow a little debate.

Mr. EDMONDS. Then, Mr. Chairman, I move that all debate on this section and all amendments thereto close in 10 minutes, 5 minutes on one side and 5 minutes on the other.

The CHAIRMAN. The gentleman from Pennsylvania moves that all debate on this section and all amendments thereto close in 10 minutes.

The question being taken, the motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BRIGGS].

The question being taken, the amendment was rejected.

Mr. BANKHEAD. Mr. Chairman, I offer a substitute for the section.

The CHAIRMAN. The gentleman from Alabama offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BANKHEAD: Page 3, line 6, after the word "further," strike out all to and including the word "services" on line 6, page 4, and insert in lieu thereof the following:

"It is hereby declared to be the policy of Congress to discourage monopoly in the American merchant marine. In pursuance of this policy the provisions of section 7 of the merchant marine act 1920 are specifically reaffirmed, and the board is directed in the development of its sales policy to continue as far as possible all existing steamship routes and regular services and to retain them in the hands of persons that have the support, financial and otherwise, of the domestic communities primarily interested in such routes, and every effort shall be made to organize or enlarge local companies to purchase or operate vessels in these routes. If in the judgment of the board at the expiration of five years from the coming into force of this act vessels of the board can not be sold to persons that have the support, financial and otherwise, of the domestic communities primarily interested in such routes to maintain such routes and services, the board may transfer such routes and services to such other persons, citizens of the United States of America, who can and will purchase vessels and continue the operation of such routes and services."

Mr. BANKHEAD. Mr. Chairman, this substitute presents fairly and squarely the deliberate attitude of the great commercial organizations of the Mississippi Valley and of the Gulf and South Atlantic ports as presented to our committee in the hearings in the month of May. So anxious were these gentlemen to undertake to avoid the existence of a monopoly in shipping on the Atlantic seaboard, to the detriment of their business interests in failing to provide adequate export shipping facilities, that Mr. Malcolm Stewart and Mr. Matthew Hale, as representatives of these two great sections of the country, came before our committee and presented this formal amendment, and both of them stated upon cross-examination by me that if the provisions of this amendment were not incorporated in the pending bill they could not give support to the measure.

The gentleman from Illinois [Mr. CHINDBLOM] has referred to a letter written in June by Mr. Malcolm Stewart. I do not know what particular pressure was brought to bear on Mr. Malcolm Stewart with reference to this matter, if any; but I can not understand why in the short lapse of time from May until some time in June the fundamental arguments upon which Mr. Stewart based his claim before our committee and the facts upon which they were based could have been changed. I hold in my hand here a letter addressed to Judge DAVIS, dated November 20, 1922, from Mr. Malcolm Stewart, in which this expression occurs:

The Middle West is discriminated against very greatly in ocean freight rates when shipping out of any other seaport except the North Atlantic for business destined to United Kingdom, continental Europe, and Mediterranean ports. We can render great assistance to the American merchant marine and at the same time secure for ourselves fair and equitable freight rates out of all our seaports if we act together and join our forces in demanding what is essential for our best interest.

These gentlemen asserted to us and their argument was when they appeared before the committee—and it is as sound now as it was then—that it would be impossible within the limited period of two years as provided by the bill for the

interest of the great Mississippi Valley, the South Atlantic, and the Gulf ports to build up a sufficient interest of maritime affairs to get citizens to invest in private ownership in the necessary trade routes. He asserts that it is a discrimination against the Middle West in requiring her freight to be exported from the Atlantic seaboard.

That issue is fairly presented by this amendment. We propose a period of five years if necessary in order to maintain and establish the routes now in existence by action of the Shipping Board, and in order to give a reasonable time in which domestic communities interested may build up an interest in shipping affairs so as to extend and invest their means in this enterprise.

Mr. SNELL. Will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. SNELL. Is not the effect of the gentleman's amendment the same as that offered by the gentleman from Texas [Mr. BRIGGS], extending for a longer period the inefficient Government ownership and the operation of these ships?

Mr. BANKHEAD. The effect of it as far as the time is the same, but there are other benefits proposed in my amendment which were not incorporated in the amendment of the gentleman from Texas. The gentleman has asked the question, and I want to say, as I undertook to argue in the speech that I made in general debate, that a great deal of this expense can be saved by abolishing the MO4 contracts for the operation of vessels under the Shipping Board and substituting therefor direct operation by the Government under competent shipping men.

Mr. LEHLBACH. Mr. Chairman, in the language of the act sought to be stricken out by the gentleman will be found the following in line 21. This is what they propose to strike out and then insert substantially the same language in another place to authorize the continuance of the Government operation of these vessels:

It is hereby declared to be the policy of Congress to discourage monopoly in the American merchant marine, and in pursuance of this policy the board is directed, in the development of its sales policy, to continue as far as possible and practicable, subject to the provisions of this section, all existing steamship routes and regular services, and to endeavor in every way to bring about the permanent establishment of such routes and services, and their retention, as far as possible, in the hands of persons having the support, financial and otherwise, of the domestic communities primarily interested in such routes and services.

Mr. BANKHEAD. Will the gentleman yield for a brief question?

Mr. LEHLBACH. No; I have not said anything yet.

Mr. BANKHEAD. I agree with the gentleman. [Laughter.]

Mr. LEHLBACH. I merely read what is in the bill and what the gentleman wishes to strike out. It is the unanimous desire of those who are proponents of the legislation to have the existing service in all sections of the country continued; to protect the sections by selling boats in all parts and sections of the country to be operated by private persons by private capital. In order to insure what the law directs, that preference in the sale of these ships must be given to citizens of a community that are to be served by them, no sales to anybody but those citizens can be made for two years after the enactment of the law. But what we want to do is to sell the ships to private owners. The gentleman wants the Government to hold the ships and continue to operate them for five years. It is only another way to seek to continue the Government ownership and prevent their being put into private hands.

The CHAIRMAN (Mr. Fess). The question is on the amendment offered by the gentleman from Alabama.

The question was taken; and on a division (demanded by Mr. BANKHEAD) there were 52 ayes and 82 noes.

So the amendment was rejected.

The Clerk continued with the reading of the bill, as follows:

#### INSURANCE.

SEC. 3. Section 9 of the merchant marine act, 1920, is amended to read as follows:

"SEC. 9. That if the terms and conditions of any sale of a vessel made under the provisions of this act include deferred payments of the purchase price, the board shall require, as a part of such terms and conditions, in order to protect and secure the equity of the United States for such unpaid purchase money, that the purchaser of the vessel and his successor in title shall keep the same insured (a) against loss or damage by fire, and against marine risks and disasters, and war and other risks if the board so specifies, with such insurance companies, associations or underwriters, or with the separate insurance fund to the extent authorized by section 10 of this act, and under such forms of policies, and to such an amount, as the board may prescribe or approve; and (b) by protection and indemnity insurance if the board so specifies, with such insurance companies, associations or underwriters, or with the separate insurance fund to the extent authorized by section 10 of this act, and under such forms of policies, and to such an amount as the board may prescribe or approve. The insurance required to be carried under this section shall be made payable to the board and/or to the parties as interest may appear. The board is authorized to enter into any agreement that it deems wise in respect to the payment and/or the guarantee of premiums of insurance."



Mr. GRAHAM of Illinois. Mr. Chairman, I move to strike out the last word, in order to ask the chairman a question. Why is it that they use here two conjunctives "and, or" at the end of line 10?

Mr. EDMONDS. Because it is the usual language in insurance matters. All charters and marine policies contain it. I have no objection to the gentleman taking out either one or the other. It is admiralty language and insurance language, and I can see no objection to leaving it in. It is perfectly well understood in legal circles.

Mr. GRAHAM of Illinois. It is funny language.

Mr. EDMONDS. It may look funny to the gentleman, but it is the usual language in admiralty and insurance matters.

Mr. GRAHAM of Illinois. Mr. Chairman, I withdraw the pro forma amendment.

The Clerk read as follows:

Sec. 5. Section 11 of the merchant marine act, 1920, is amended to read as follows:

"Sec. 11. (a) That there is hereby established in the Treasury a revolving fund to be known as the 'United States Shipping Board construction loan fund' (hereinafter in this section called the 'loan fund'). There shall be covered into the loan fund all moneys which at the time of the enactment of the merchant marine act, 1922, are in the fund created by this section as in force before its amendment by such act; and the board may set aside and cover into the loan fund all receipts of the board, except appropriations made by law and profits of the board from the operation of vessels; but the total amount of moneys covered into the loan fund (other than payments upon the principal and interest upon loans made therefrom) shall not exceed \$125,000,000.

"(b) The board may use the loan fund, to such extent as it deems necessary, for making loans to aid persons, citizens of the United States, (1) in the construction by them in private shipyards of the United States of vessels of the best and most efficient type equipped with the most efficient and the most economical machinery and commercial appliances, or (2) in the equipping by them of vessels already built with such machinery and commercial appliances.

"(c) No loan shall be made for a longer time than 15 years. All loans shall bear interest, payable at least annually, upon the unpaid principal at a rate not less than 2 per cent per annum. No loan shall be made, (1) in the case of a loan for construction purposes, for a greater sum than two-thirds of the cost of the vessel to be constructed; nor, (2) in the case of a loan for equipment purposes, for a greater sum than two-thirds of the cost of the equipment or two-thirds of the value of the vessel when thus reequipped, whichever is the lesser. The board shall require such security for the loan, including a first lien upon the entire interest in the vessel with reference to which the loan is made, as it deems necessary in order to insure the repayment of the loan with interest. In case of a loan under this section made after the enactment of the merchant marine act, 1922, all payments upon the principal and interest of the loan shall be covered into the loan fund."

Mr. DAVIS of Tennessee. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 7, line 12, after the word "than," strike out the figure "2" and insert in lieu thereof "43."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the amendment was agreed to.

Mr. DAVIS of Tennessee. Mr. Chairman, I offer the further amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Tennessee: Page 7, line 10, after the word "than," strike out "15 years" and insert in lieu thereof the following: "a period within 15 years after the date of the enactment of this measure. This entire loan fund, including the interest collected thereon, shall be covered into the General Treasury of the United States within 16 years after the enactment of this measure."

Mr. DAVIS of Tennessee. Mr. Chairman, it is contended by the opponents of this bill that it is permanent legislation, that it is intended to be, and that that will so result. While some of the proponents of the bill have argued that it is only a temporary proposition, yet that is an issue which this amendment will put to the test. The bill as now written authorizes a revolving fund of \$125,000,000, which may be loaned to any individual or corporation for a period of 15 years at a time. It may be loaned and reloaned. There is no time limitation whatever upon the fund under the provisions of the bill as they now exist. My amendment, if adopted, would limit the authorization for these loans for a period of 15 years from the date of the passage of the bill and provide that within 16 years after the passage of the bill the entire fund shall be covered into the General Treasury. That gives a year after the expiration of any loan which may have been made within which the Shipping Board or other authorities may collect the loans and pay them into the General Treasury. If this is a temporary proposition, if it is not intended to make these loans for a longer period than 15 years, this amendment should be adopted. If it is the purpose to continue loaning and reloaning for an indefinite period of time, we should know it, and we will determine what the purpose of the majority is by the vote on this amendment.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Tennessee. Yes.

Mr. MOORE of Virginia. I want to know, and that is the reason for my question, how much of the \$125,000,000 is to be taken out at once? Therefore I ask the question whether the gentleman can give me some idea as to what moneys at this time are available, as provided in this section?

Mr. DAVIS of Tennessee. The Jones bill, enacted in 1920, provided that \$25,000,000 should be set aside for loans out of the sales of ships, and so forth, the receipts of the Shipping Board. This bill provides that the accrued amounts, and also up to an amount of \$125,000,000, shall be paid into this fund, and they can obtain additional funds from the sale of ships or any securities or other properties belonging to the Shipping Board.

Mr. MOORE of Virginia. The language of the bill is:

There shall be covered into the loan fund all moneys which at the time of the enactment of the merchant marine act, 1922, are in the fund created by this section as in force before its amendment by such act.

What amount of that character is now in hand?

Mr. DAVIS of Tennessee. I do not know, and you can not get anything out of the Shipping Board. That is within their keeping. I can not answer the question.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. MOORE of Virginia. Mr. Chairman, I move to strike out the last word. Can the gentleman from Pennsylvania [Mr. EDMONDS] give us some idea as to about what amount is now in hand that would go toward the creation of the total fund of \$125,000,000?

Mr. EDMONDS. As near as I can find out there is very little money in the Treasury now.

Mr. MOORE of Virginia. Then it means that \$125,000,000 is to be segregated from the Treasury at once?

Mr. EDMONDS. If they can not sell \$125,000,000 worth of ships they can not get it out of the Treasury in any other way.

Mr. DAVIS of Tennessee. It is the fact that they have other securities and property which they can sell and use for this purpose.

Mr. EDMONDS. They can use any property they have to create the fund. As I understand the matter, the Shipping Board has been selling some property, and there was a certain amount of that money set aside by the Committee on Appropriations for the payment of claims. These claims have been rapidly cleaned up, and it is just possible there may be a little money in the Treasury to-day; but I doubt very much whether it will be held subject to this particular fund, although in the Jones Act we had arranged for a fund of that character—up to \$125,000,000 a year for five years.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Tennessee.

The question was taken; and on a division (demanded by Mr. DAVIS of Tennessee) there were—ayes 29, noes 71.

So the amendment was rejected.

Mr. MONDELL. Mr. Chairman, I move that all debate upon the section and all amendments thereto be now closed.

Mr. MOORE of Virginia. Mr. Chairman, will not the gentleman allow us a few minutes debate? I shall move to strike out the section in order to make one or two observations.

Mr. MONDELL. On this section?

Mr. MOORE of Virginia. Yes.

Mr. MONDELL. How much time does the gentleman desire?

Mr. MOORE of Virginia. Of course, I shall claim only five minutes.

Mr. MONDELL. Mr. Chairman, I modify my motion that debate close in 10 minutes.

The CHAIRMAN. The question is on the motion of the gentleman from Wyoming that all debate upon this section and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. MOORE of Virginia. Mr. Chairman, I move to strike out the section.

The CHAIRMAN. The clerk will report the amendment offered by the gentleman from Virginia.

The Clerk read as follows:

Amendment by Mr. MOORE of Virginia: Strike out all of section 5.

Mr. MOORE of Virginia. Mr. Chairman, the purpose of the section is to create a fund to be used in the construction of vessels at private yards, to assist in their construction. The amount mentioned, as just indicated, is \$125,000,000, which is to constitute a revolving fund. The Jones Act contains a provision somewhat similar to this, but limits the amount to a



total of \$125,000,000 to be used at the rate of \$25,000,000 a year, and makes certain provisions that were very carefully considered at the time that statute was enacted. It seems to me that the Jones Act goes quite far enough in appropriating money, however to be derived, which is the money of the public, for the purpose of assisting in the construction of new vessels. If the bill as it stands is passed, it will require not the using of \$25,000,000 a year, which is somewhat leisurely, but the use of \$125,000,000 as soon as it can be gotten in by the Shipping Board from the sale of vessels, from the collection of claims, and otherwise.

It strikes me that is going pretty far and pretty fast, particularly in view of the fact, as is well known, that the Treasury is not in a very fortunate condition at this time. The Government is facing a deficit; it faces an accrued deficit and it faces a constantly accruing deficit. Only this morning the statement was published that for the last fiscal year the revenue is \$1,400,000,000 less than the preceding fiscal year. Now, if the distinguished chairman of the Committee on Appropriations is here—I do not know whether he is here or not—I would like to know if he gives his indorsement to the pending proposition. The other day one of the prime reasons given for the enactment of this measure is that it would enable the Government to get ready for possible war; that is to say, a large amount of money is to be spent in building ships which will be of assistance in case of an emergency—\$125,000,000. Now, it is a very curious thing that almost at the time when we propose to do this we have provided for scrapping war vessels. We are to scrap war vessels, assuming that the treaty is going to be ratified by Italy and France, to the extent of several hundreds of millions of dollars—no one states even approximately how much—and in addition from \$70,000,000 to \$150,000,000 is to be spent to make good damages to contractors sustained because of the cessation of work upon Government vessels. That is a strange situation. On the one hand, declaring that we think there is little fear of war, we are prepared to scrap property that is worth hundreds of millions of dollars and besides pay large damages, and on the other hand in order to get ready for war, which is one of the main purposes of this bill, we are going to put the Government in business to the extent of assisting in the construction of new vessels.

Mr. EDMONDS. Mr. Chairman, again I must call the attention of the committee to the consistency of gentlemen on the other side. The gentleman gets up and proposes to strike out this section. It leaves the section in the Jones bill in existence. There is no limit of interest to be charged by the Shipping Board. There is no arrangement of a 15-year loan. The Shipping Board can loan out that money, \$125,000,000, \$25,000,000 a year for five years. The committee thought the proper thing to do was to put some limitation on the power of the Shipping Board. Gentlemen on the other side have been complaining all morning that we give the Shipping Board too much power, and now they want to give more. There is only one difference, and that is in regard to encouraging the placing of Diesel engines on ships that they will build and equip them with new and improved machinery.

Mr. FREAR. Will the gentleman yield?

Mr. EDMONDS. I will.

Mr. FREAR. How much money is placed in the revolving fund under the Jones bill?

Mr. EDMONDS. \$25,000,000 a year for five years.

Mr. FREAR. How much is there at the present time?

Mr. EDMONDS. I do not know; I do not imagine very much.

Mr. FREAR. This bill provides \$125,000,000.

Mr. EDMONDS. Just exactly the same sum of money as was placed in the Jones bill.

Mr. FREAR. Does not the gentleman think he should place certain restrictions upon the expenditure of such an enormous sum of money?

Mr. EDMONDS. That is what we do; we have put restrictions, but the gentleman wants the Shipping Board left open to do as they please.

Mr. FREAR. I do not want it.

Mr. MOORE of Virginia. Nobody objects to putting the restrictions on the way in which the fund is to be handled. My objection was on the use of the \$125,000,000; that is the central objection I respectfully urge upon the chairman.

Mr. EDMONDS. The gentleman wants restrictions and does not want restrictions; I do not know how to please him.

Mr. WHITE of Maine. That is a limitation rather than an enlargement of the Jones Act.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

Mr. JONES of Texas. Mr. Chairman, I have a perfecting amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. JONES of Texas: Page 7, line 22, after the word "interest," insert the following: "and the board shall require annual payments on the principal of any loan in amounts sufficient to cover not less than the depreciation of the vessel up to the time of any such payment."

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question is on the motion of the gentleman from Virginia to strike out the section.

The question was taken, and the amendment was rejected.

The Clerk began reading.

During the reading—

Mr. BLANTON. Will the Chair permit a parliamentary inquiry?

The CHAIRMAN. The gentleman can not interrupt the reading.

Mr. BLANTON. The reading will go along until the entire bill is read under the ruling of the Chair?

The CHAIRMAN. Only the section which the Clerk is now reading.

The Clerk read as follows:

SEC. 6. (a) Section 24 of the merchant marine act, 1920, is amended to read as follows:

"SEC. 24. That all mails of the United States shipped or carried on vessels shall, if practicable, be shipped or carried on American-built vessels documented under the laws of the United States. No contract hereafter made with the Postmaster General for carrying mails on vessels so built and documented shall be assigned or sublet, and no mails covered by such contract shall be carried on any vessel not so built and documented. No money shall be paid out of the Treasury of the United States on or in relation to any such contract for carrying mails on vessels so built and documented when such contract has been assigned or sublet or when mails covered by such contract are in violation of the terms thereof carried on any vessel not so built and documented."

(b) Section 7 of the merchant marine act, 1920, is amended by striking out so much thereof as reads as follows: "The Postmaster General is authorized, notwithstanding the act entitled 'An act to provide for ocean mail service between the United States and foreign ports, and to promote commerce,' approved March 3, 1891, to contract for the carrying of the mails over such lines at such price as may be agreed upon by the board and the Postmaster General."

(c) The act entitled "An act to provide for ocean mail service between the United States and foreign ports, and to promote commerce," approved March 3, 1891, is repealed.

#### TITLE II.—TAXATION.

##### INCOME TAX OF VESSEL OWNERS.

SEC. 201. Title II of the revenue act of 1921 is amended by adding at the end thereof seven new sections to read as follows:

##### "EXEMPTIONS TO VESSEL OWNERS.

"SEC. 265. (a) That the owner of a vessel of 1,500 gross tons or more (as shown on her certificate of admeasurement), registered, or enrolled and licensed, under the laws of the United States, shall, for the taxable year 1921 and for each of the eight taxable years following, be allowed as a deduction in computing net income, in addition to other deductions allowed by law, an amount which bears the same ratio to his net income during the taxable year attributable to the operations of such vessel (computed without the benefit of this section) as his gross income attributable to the foreign operations of such vessel bears to his entire gross income attributable to the operations of such vessel: *Provided*, That in no case shall the amount by which the taxes imposed by this act are diminished by reason of such deduction, exceed 50 per cent of the amount certified under clause (1) of subdivision (b) of this section, plus 100 per cent of the amount certified under clause (2) of subdivision (b) of this section.

"(b) Such deduction shall not be allowed unless the United States Shipping Board (hereinafter in this title referred to as the 'board') has certified to the commissioner (1) the amount invested by the taxpayer, after the beginning of the taxable year for which the deduction is claimed and prior to the time fixed by law for filing the return, in the building in private shipyards in the United States of new vessels of a type and kind approved by the board, to be registered, or enrolled and licensed, under the laws of the United States, and (2) the amount set aside by the taxpayer after the beginning of the taxable year for which the deduction is claimed and prior to the time fixed by law for filing the return, in a trust fund for investment in the building in private shipyards in the United States of new vessels of a type and kind approved by the board, to be registered, or enrolled and licensed, under the laws of the United States.

"(c) As soon as practicable after the filing of the return for the taxable year for which the deduction is claimed, the amount by which the taxes imposed by this act are diminished by reason of the deduction allowed under subdivision (a) of this section shall be determined by the commissioner with the approval of the Secretary and certified by the latter to the board. The commissioner shall notify the taxpayer, who may immediately withdraw from such trust fund the amount, if any, by which the amount set aside in such trust funds exceeds the amount which should have been so set aside, together with the ratable part of the interest on or earnings from such trust fund since the date of its establishment.

"(d) For the purposes of this section there shall be deemed attributable to the foreign operations of a vessel so much of the gross income attributable to the operations of such vessel as is attributable to the carriage of passengers, cargo, and mails taken on board at a port not in the coastwise trade and discharged at a port whether or not in the coastwise trade, or taken on board at a port whether or not in the coastwise trade and discharged at a port not in the coastwise trade. If the owner of the vessel uses it in whole or in part for the transportation of his own property, his gross income attributable to the opera-



tions of the vessel in transporting such property shall be considered to be such amount as is determined by the board, and certified by it to the commissioner, as representing the fair value of the services performed by the vessel in transporting such property.

"(e) In no case shall the amount by which the tax due from a taxpayer, other than a corporation, is diminished by reason of the deduction allowed by this section, exceed the amount by which the tax would have been diminished if such taxpayer were a corporation.

"(f) That portion of the amount of invested capital attributable to the vessel which bears the same ratio to such invested capital as the amount allowed as a deduction under the provisions of this section bears to the amount of the entire net income for the taxable year attributable to the operations of such vessel (computed without the benefit of this section) shall be regarded as an inadmissible asset in computing the tax imposed by Title III of this act.

"Sec. 266. (a) That in the case of the sale, during the taxable year 1921 or any of the eight taxable years following, of a vessel launched prior to January 1, 1914, which was at the time of the enactment of the merchant marine act, 1922, registered, enrolled, or licensed, under the laws of the United States, and which at no time thereafter, up to the time of sale, was under a foreign registry or flag (or, in case of sale made prior to the enactment of such act, was at the time of the sale registered, enrolled, or licensed under the laws of the United States), the taxable gain derived from the sale shall be allowed as a deduction (in addition to other deductions allowed by law) in computing the net income of the owner, if he is a citizen of the United States within the meaning of the shipping act, 1916, as amended by the merchant marine act, 1920. Except as provided in subdivision (b) this deduction shall not be allowed unless (after the beginning of the taxable year for which the deduction is claimed and prior to the time fixed by law for filing the return) the entire proceeds of the sale have been invested by the taxpayer, or set aside by him in a trust fund for investment, in the building in private shipyards in the United States of new vessels of a type and kind approved by the board, to be registered, or enrolled and licensed, under the laws of the United States.

"(b) If a part only of the proceeds of the sale has been so invested or set aside in a trust fund the amount of the deduction allowed under subdivision (a) shall be an amount which bears the same ratio to the taxable gain derived from the sale as the part of the proceeds so invested or set aside in a trust fund bears to the entire proceeds of the sale.

"(c) Upon the completion of the new vessel or vessels they shall, for the purposes of sections 202, 214, and 234, be treated as taking the place of a like proportion of the vessel sold.

"(d) Where a vessel is exchanged for property, or for money and property, the transaction shall, for the purposes of this section, be deemed to be a sale with reference to (1) the money received in the exchange, and (2) that part of the property received in the exchange which, under the provisions of subdivisions (c) and (e) of section 202, is considered in determining the taxable gain from the exchange.

"Sec. 267. (a) That if a taxpayer establishes a trust fund for investment under the provisions of section 265 or 266, the amount so set aside under section 266, or an amount equal to 200 per cent of the amount set aside under section 265, as the case may be, shall be actually invested by the taxpayer, within a reasonable time, to be determined by the board, in the building in private shipyards in the United States of new vessels of a type and kind approved by the board, to be registered or enrolled and licensed under the laws of the United States. Upon failure to invest all or any part of such amount within the reasonable time fixed by the board, or upon failure to register or enroll and license, the new vessel or vessels under the laws of the United States within a reasonable time fixed by the board, the board shall immediately notify the commissioner, and (1) the amount which should have been invested under the provisions of section 266 and this section which is not so invested, or the amount invested in a vessel or vessels not registered or enrolled and licensed under the laws of the United States, shall be deemed, for the purposes of section 266, to have never been set aside in a trust fund for investment, and (2) 50 per cent of the amount which should have been invested under the provisions of section 265 and this section which is not so invested, or 50 per cent of the amount invested in a vessel or vessels not registered or enrolled and licensed under the laws of the United States, shall be deemed, for the purposes of section 265, to have never been set aside in a trust fund for investment. Any additional tax due by reason of this adjustment of the amount set aside in the trust fund for investment under sections 265 and 266, together with interest thereon at the rate of one-half of 1 per cent per month from the time the tax was due, shall be payable upon demand at any time, notwithstanding the provisions of section 250. The amount in the trust fund shall be first applied in payment of such additional tax due, and the instrument creating the trust fund shall provide for such application.

"(b) Whenever the taxpayer establishes a trust fund for investment under the provisions of section 265 or 266, the interest on or earnings from the amount set aside in such fund shall belong to the fund, and, for the purposes of subdivision (a) of this section, shall be considered as being a part of the amount set aside in the fund.

"Sec. 268. That the commissioner may require a taxpayer, who claims the benefit of the deduction allowed by section 265 or 266 and establishes a trust fund for investment, to furnish a bond with such security or surety as the commissioner shall require, for an amount not less than the difference between (1) the estimated income, war-profits and excess-profits taxes that would have been payable but for the deduction claimed under those sections, and (2) the estimated income, war-profits and excess-profits taxes that would be payable if such deduction were allowed. Such bond shall be conditioned upon (a) the investment of the fund in accordance with the provisions of section 267, or the payment of the tax, together with interest, due by reason of failure to so invest, and (b) the registering, or enrolling and licensing, of the new vessels under the laws of the United States within the time fixed by the board.

"Sec. 269. (a) That the amount invested under the provisions of sections 265, 266, or 267, or set aside in a trust fund for investment under the provisions of sections 265 or 266, must be from funds other than any loan which the taxpayer may have received from the board under the provisions of section 11 of the merchant marine act, 1920, as amended by the merchant marine act, 1922.

"(b) So much of sections 265 and 266 as requires that the investment, or the setting aside of an amount in a trust fund for investment, shall be made prior to the time fixed by law for filing the return for the taxable year for which the deduction is claimed, shall be deemed complied with by a taxpayer with respect to the deduction for a taxable year ending prior to the time of the enactment of the merchant

marine act, 1922, if he makes such investment, or sets aside such amount in a trust fund, within 75 days after the enactment of such act.

"Sec. 270. That section 265 and section 266 shall be deemed to have been in force on January 1, 1921.

"Sec. 271. That the benefits of section 265 and section 266 shall be allowed to the members of a partnership and the beneficiaries of an estate or trust under regulations prescribed by the commissioner, with the approval of the Secretary."

Mr. DAVIS of Tennessee. That concludes the reading of the section?

The CHAIRMAN. It does.

Mr. DAVIS of Tennessee. I desire to offer an amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Tennessee: Page 11, lines 16 to 22, after the word "trade" strike out "If the owner of the vessel uses it in whole or in part for the transportation of his own property his gross income attributable to the operations of the vessel in transporting such property shall be considered to be such amount as is determined by the board, and certified by it to the commissioner, as representing the fair value of the services performed by the vessel in transporting such property."

Mr. DAVIS of Tennessee. Mr. Chairman, this amendment simply points out the fact that these tax exemptions are extended to those lines, like those of the Standard Oil and the United States Steel and various other lines, that are operating ships in conveying their own products, and not as common carriers; and this motion proposes to strike out that portion recognizing that they are entitled to those tax exemptions.

Mr. SEARS. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. The gentleman from Florida asks unanimous consent to revise and extend his remarks. Is there objection?

There was no objection.

Mr. WHITE of Maine. Mr. Chairman, as to the amendment proposed by the gentleman from Tennessee [Mr. DAVIS], I do not think it accomplishes, in the first place, the thing he desires; and in the second place, I do not think the thing he desires to accomplish ought to be accomplished.

This simply lays down for the guidance of the Secretary of the Treasury a rule for putting into effect what appears in other portions of the bill. If you strike it out, it does not destroy the substantial proposition at all, but it leaves the Secretary of the Treasury suspended in the air without any rule for his guidance except as may be otherwise provided in the bill.

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. HARDY of Texas rose.

The CHAIRMAN. For what purpose does the gentleman from Texas rise?

Mr. HARDY of Texas. To submit a few observations on the amendment. I move to strike out the last word.

The CHAIRMAN. The gentleman from Texas moves to strike out the last word.

Mr. HARDY of Texas. I wish to call attention to the additional fact, not mentioned by my colleague from Tennessee [Mr. DAVIS], that this paragraph evidences the fact that those who own their own transportation facilities, like the Standard Oil and the Steel Trust and the United Fruit Co., are exempted from paying any income tax on the reasonable earnings of their shipping when engaged in carrying their own products, and it also exemplifies the fact that while exempted from taxation they are given a subsidy by the Government of the United States under this bill. It seems to me it all ought to go out.

Mr. EDMONDS. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The gentleman from Pennsylvania moves to strike out the last two words.

Mr. EDMONDS. This proposal to strike out has nothing to do with the payment of a subsidy to industrial ships. It simply establishes a method by which the Treasury Department can make the deductions in taxes authorized by this House and the Senate under the Jones bill.

Now, what happens here? Under the Jones bill if a man owns a ship he could take from his income tax a certain sum of money, and by doubling the amount of money and putting it into new ship property get an exemption of taxes. There is no exemption of taxes here except for the purposes of building new ships. If he does not build new ships, he does not get the exemption. We all know that. In another case a man may have a ship worth, say, \$600,000, and he sells it for \$1,000,000. He would be entitled for taxation purposes to count up a profit of \$400,000. What are you doing here? You simply say to him, "If you take that whole \$1,000,000, the \$600,000 of the original cost and the \$400,000 profit, and put



it in another ship for \$1,000,000 we will not charge you any taxes on the \$400,000 profit."

As I said this morning, when the proper time comes I am going to offer an amendment in the proper place that will take industrial ships out from the subsidy.

Mr. DAVIS of Tennessee. But the gentleman will concede that this does exempt the Standard Oil and the United States Steel and the United Fruit Co. from the payment of income taxes, provided they would certify that they had invested their income in the purchase of other ships. If this provision is not knocked out they will be entitled to that.

Mr. EDMONDS. Yes. But I do not understand the gentleman's position at all. The Standard Oil Co. is not charged with being discreditable or disgraceful in this country.

Mr. MONDELL. Mr. Chairman, will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. MONDELL. Under the amendment which the gentleman proposes to offer later the Standard Oil tankers would not secure the benefit of the subsidy?

Mr. EDMONDS. No.

Mr. MONDELL. On the other hand, the provision which the gentleman from Tennessee [Mr. DAVIS] now proposes to strike out has no relation whatever to that affair or to that condition of affairs?

Mr. EDMONDS. Absolutely none whatever.

Mr. MONDELL. It simply provides that where there is a ship receiving a certain amount of compensation, as some ship will that may carry some of the products of its owners, the Treasury shall have a method of computation, and this is simply a method of computation?

Mr. EDMONDS. That is all. It is simply to carry out what has been the express decision of the House on the subject.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. BLANTON. It is said that the tankers of the Standard Oil Co. will not get the subsidy. The gentleman knows that there is a greater demand for tankers than for any other class of vessels just now. What is there to prevent the Standard Oil from selling its tankers where there is a demand and building new tankers that would come under the provisions of this bill? They would in that case get the subsidy for carrying the oil in their own tankers?

Mr. EDMONDS. Simple business sense would prevent their doing that.

Mr. BLANTON. If they sold the tankers, as they could, they could borrow from the Government at less per cent than it costs us and build new tankers.

Mr. EDMONDS. No; we changed that to 4½ per cent.

Mr. WHITE of Maine. And they can not do that without the consent of the Shipping Board, anyhow.

Mr. FREAR. Since this question of subsidy has been presented, what does the gentleman mean by "subsidy"? Does that run to tax funds?

Mr. EDMONDS. No.

Mr. FREAR. Are the Standard Oil and the United States Steel exempt from the deductions?

Mr. EDMONDS. They will not get yours or mine.

Mr. FREAR. But as they own two-thirds of the vessels, they will get two-thirds of all the profits?

Mr. EDMONDS. Yes; providing they use them for building new ships and put an equal amount of money with the exemption.

Mr. FREAR. Sales and all these other questions are involved?

Mr. EDMONDS. Yes. That is in the Jones Act that the gentleman voted for.

Mr. FREAR. Yes; I voted for the Jones Act, but I did not know what was in it, and two-thirds of the Members were in the same position.

Mr. TINCHER. Mr. Chairman, as I understand, the gentleman from Pennsylvania proposes to offer an amendment to do away with the subsidy provided for in another section for industrial ships. Am I correct in the assumption that this section to which the amendment has been offered is a form of subsidy offered to industrial ships as well as others?

Mr. EDMONDS. To all ships. Will the gentleman allow me to say a word?

Mr. TINCHER. I will yield.

Mr. EDMONDS. It is my opinion that they may not want to set the money aside to build the ships. It may be possible that they may say that they do not want any more ships at this time.

Mr. TINCHER. The point I am making is: Does the gentleman think it is fair to strike out the subsidy for a class in one

section and still let that class have the benefit of a distinct subsidy in another section?

Mr. EDMONDS. This is not a subsidy.

Mr. TINCHER. Does not the gentleman think that if you exempt people from the payment of an income tax that that is a subsidy?

Mr. FREAR. Let me ask the gentleman how many millions of dollars will this take—how much is it estimated it will cost?

Mr. EDMONDS. It would depend upon how many wanted to build new ships. That would be very indefinite. I do not think the Treasury Department or anybody else can give any estimate that would be worth anything.

Mr. TINCHER. The gentleman has made some calculation, I suppose; which does the gentleman think would amount to the most, the subsidy provided in this section or the direct subsidy?

Mr. EDMONDS. If they used all the compensation they are allowed for ships and used all the ships I should say the subsidy would be the greater amount. I assume that the compensation would amount to the greater sum.

Mr. TINCHER. Is there any way of arriving at it?

Mr. EDMONDS. I think there is no question but that the compensation would amount to the greater sum.

Mr. DAVIS of Tennessee. How does the gentleman know it when not a single representative of the Shipping Board would say how much this tax exemption, or any tax exemption, would impose as a burden upon the Public Treasury?

Mr. EDMONDS. Oh, nobody knows; there is nothing to show in any way how to compute it. Suppose the Standard Oil Co. says, "We do not want any more ships; we have more than we want." Then they pay their taxes and do not take any tax exemption.

Mr. TINCHER. Is there any difference in principle between authorizing a subsidy to be paid in cash to an industrial ship or a subsidy in the way of a rebate in taxes to the ships engaged in their own interests; is there any difference in principle?

Mr. WHITE of Maine. There is this difference, that in the case of the subsidy the money is a direct payment by the United States Treasury. In this case it may be that the Standard Oil Co. will not want to construct any new vessels.

Mr. TINCHER. Is it not true that a subsidy paid directly out of the Treasury is more American than a rebate graft?

Mr. FREAR. Both of them come out of the Treasury.

Mr. STEVENSON. Mr. Chairman, it seems to me that the gentleman from Kansas has thrown a good deal of light on this proposition. As I gather from the statement of the gentleman from Pennsylvania, if any concern is in the shipping business and it is profitable and they want to build more ships, then it will set aside a fund and avoid its income tax and thereby build for a more profitable business. If it is not profitable, it will pay the tax and quit.

Let us look at it from the standpoint of the farmer. The President said he was in favor of helping out the farmers right away. Now, take a farmer who makes a good deal of money—I know that is a rash proposition, but he sometimes does—give him the same privilege and he will say, All right; I will set aside \$10,000 and buy another farm and produce more farming products; but you must exempt me from taxation on the money invested if I am going to get another farm and run it." That is the same proposition you are putting up here. If a man wants to take the money, if he is doing a profitable business, we will exempt him from taxation provided he will invest it in another concern and will continue to make more money. It is a premium offered to the man who wants to avoid taxation by making more money for himself. The President stated that he wanted to take care of the farmers. I would like to see you take care of the farmer who would like a little more himself. We passed a bill last May putting a farmer on the reserve board which is to fix the financial policy of this year. Now, it has been eight or nine months since that was agitated and we have not got that relief for the farmers. It was stated by Secretary Mellon that on the assembling of the extraordinary session that matter would be acted upon by President Harding by appointing Mr. J. R. Howard, the only farmer who has come out in favor of this bill and who has been repudiated by every farm organization in this country.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. CONNALLY of Texas. The gentleman is trying to propose an indirect method of helping the farmer. Would not the people of the United States be better off if they subsidized directly the woolgrower instead of the manufacturers, with the tremendous indirect subsidy in the tariff law?



Mr. STEVENSON. Perhaps they would, so far as that is concerned. But I want to call attention specifically in this matter to the statement of the gentleman from Pennsylvania, that if the shipowner is making money and wants more ships the Government will give him his income tax if his business is profitable with which to build it. If the farmer is making money and wants another farm they will not give him money, but they take his income tax, and he will have to go and borrow money at 7 or 8 per cent where you propose to loan to the shipowner at 4½ per cent.

Mr. HARDY of Texas. These concerns can utilize their wealth or a portion of it in rebuilding such ships as necessary to reinforce their fleets, and every dollar they put into a fleet is an increase of wealth without taxation.

Mr. STEVENSON. I call attention to the fact that since this bill has been pending the Standard Oil companies have declared and announced their intention of declaring stock dividends amounting to \$1,338,000,000, which they have built up in the last 11 years since the old Standard Oil Co. was divided up into 33 different companies.

Mr. FREAR. That is in addition to the cash dividends.

Mr. STEVENSON. In addition to cash dividends which have been at the rate of 20 per cent per annum. In giving out a statement of their policy to the New York papers on the 6th day of October, 1922, they made this statement:

The killing of the bonus bill caused several plans of recapitalization to come before the directors of the Standard Oil companies. It had been feared that the bonus legislation might have included provisions unfavorable to Standard Oil plans. The chief fear was that the Government might take steps to tax stock dividends.

Therefore they did not declare them, because they were afraid the soldiers would get something out of them. Now they propose to hand out these stock dividends to their stockholders.

It is not surprising that the Standard Oil and kindred enterprises have found a warm friendship in the financial legislation of this Congress, when we remember that of the 17 Republican members of the Ways and Means Committee 11 were millionaires, most of them multimillionaires, as was stated by Hon. Frank R. Reid, Member elect of the eleventh Illinois district, and a Republican, in an interview given out last summer and placed in the CONGRESSIONAL RECORD by myself.

The performances of that committee have justified their appointment. They reduced the taxes of the millionaires \$150,000 on each million of income, thereby reducing the tax of their millionaire Secretary of the Treasury, Mr. Andrew Mellon, \$2,250,000 a year, if the statement of Mr. FREAR, of Wisconsin, is correct, that Mr. Mellon's income is around \$15,000,000 a year. The bill as originally introduced was prepared in Mr. Mellon's office and provided for the reduction of \$330,000 on each million, which would have reduced Mr. Mellon's taxes \$4,950,000 if it had been passed in that shape, and it was jammed through this House in that shape, and Mr. Mellon and President Harding both advocated its being passed that way when the bill went to conference. The same committee, in the same bill, took \$450,000,000 excess-profits tax from the corporations that make an excess-profits tax, making in these two items a reduction of \$540,000,000 in the taxes of the very rich. The excess-profits tax has been greatly misunderstood by many people. No corporation is subject to it unless it made net profits of \$3,000 and in addition to that 8 per cent on its capital stock. To give an example, a corporation of a hundred thousand dollars capital which made only \$11,000 net would not be subject to the excess-profits tax. But if it made \$50,000 net the excess over \$11,000 would be taxable as excess profits and the tax on that \$39,000 would be \$18,350, which would leave a net profit of \$31,650 on the capital of one hundred thousand. In other words, it would double its capital every three years and pay the excess-profits tax. This committee also reported a tariff bill which directly tends to destroy our American shipping. Section 313 of that bill provides that if a shipbuilder imports the materials with which to build a ship and pays tariff on them he can sell the ship to an American, but if he does he sells it with the tariff added. If he sells it to a foreigner, to wit, an Englishman, he can get back from the United States Treasury 99 per cent of the tariff paid on the material. It has been stated in the debate here—by Mr. CHANDLER of New York—that shipping material can be bought cheaper abroad than in this country, and it has generally been conceded that the average tariff will run about 40 per cent. Take a shipbuilder building a million-dollar ship, and the proportion of the ship cost which is material, if imported, would make the tariff item at least 10 per cent of the cost of the ship, or a hundred thousand dollars. Now, an Englishman comes up to buy the ship, and says, "I want it to put under the British flag." An American also comes up, and says, "I want this ship to fly the Stars and Stripes."

The shipbuilder will necessarily reply to the American, "It has cost me \$1,000,000, and I will sell it to you on that basis." To the Englishman he will say, "It has cost me a million dollars, less \$99,000 rebate which I can get from the United States Treasury if I sell it to you, and I will sell it to you on the basis of \$901,000 cost." And this bill proposes to tax the American people to assist the American shipowner to compete with the Englishman, whom it has given an advantage by its own legislation. And yet the gentleman from Pennsylvania [Mr. EDMONDS] has stated more than once that the people who oppose this bill are favoring the British. The gentleman's own party has so favored the foreigner at the expense of the home shipowner that the American shipowner has been driven off the seas. Their same tariff bill, section 466, also provides that if an American ship is repaired in a foreign port, that when the ship returns to an American port it shall pay 50 per cent tariff on the expense of such repairs, no matter how much more cheaply the repairs could be made in a foreign port. An English and an American ship are both repaired, say, in a port in Australia, have the same repair work done, at an expense of \$50,000 each. The English ship goes its way and that is the end of it. The first time the American ship reaches a home port it is assessed \$25,000 taxes, and if it fails to pay it the ship is seized and sold to pay the charges, thereby making its cost of maintenance 50 per cent more than what the Englishman's ship costs, and, under section 413 of this bill, forfeits all compensation under the provisions of this act.

There is one other provision of the tariff act which favors the very wealthy people, with whom Secretary Mellon is largely associated. Section 312 of the tariff act provides for the corporation that is engaged in reducing ores and shipping metals in any form to have their smelters declared "bonded smelting warehouses" by merely giving a bond to the Secretary of the Treasury to pay any tax due on the ores imported, and when the company exports as much metal as the ores imported should produce the tariff charge against such ores is canceled. It is charged, and I have never heard it denied, that the United States Steel Corporation has very large holdings of iron-ore lands in foreign countries, notably China. This provision will enable them to mine that ore in China with coolie labor, the cheapest in the world, to transport it to this country in their own ships, take it into their factories here without paying any tariff on it, reduce it, manufacture it, and ship it out to supply its foreign market and have all tariff charges canceled against it. What is the result of this? First, in supplying its foreign market it puts Chinese coolie labor in direct competition with the miner in the iron mines of this country. Second, it arranges for the United States Steel Corporation to be able to sell to the foreigner for probably 50 per cent less than he sells to the American; and third, it enables it to get a ship subsidy, under this bill, on the cargo both ways, which it carries for itself alone. This is certainly not taking care of America but taking care of a great financial and manufacturing trust and its foreign customers at the expense of the American miner and the American consumer.

But Mr. EDMONDS of Pennsylvania says that they propose to strike out of this bill the provision for paying a subsidy to the Standard Oil Co., the United States Steel Corporation, and the American Fruit Co., in so far as those corporations earn it by carrying their own stuff. That is a mere subterfuge to get the bill through. There are 33 Standard Oil companies. The big capitalists who own the large blocks of stock in those corporations will simply see that there is an independent ship-operating concern organized which will buy the tankers and other ships necessary to carrying the Standard Oil products, and that corporation will get the Standard Oil cargoes exclusively and charge the usual ocean rate and get the subsidy, and the money will go into the pockets of the big capitalists in the Standard Oil group just the same, but will come from another conduit, and they will be pulling down dividends from 34 concerns instead of 33, while the small stockholders' dividend will come from 33 and be reduced slightly in order to make the shipping concern dividend larger. A like scheme will be operated by the United States Steel Corporation and the American Fruit Co.

I want to notice one other result of the great corporate control of this administration. The railroads were returned to the owners thereof with a six months' guaranty put through by a Republican Congress. In that six months they claimed to have lost over \$700,000,000, which this administration has paid without question and without suggestion that an extra tax was necessary in order to finance them. The corporations engaged in supplying the Government with war materials, who are generally designated as profiteers, complained to Congress that they lost money as the result of the cancellation of



their contracts when the armistice was signed. The contracts provided for cancellation on a certain notice, which notice was duly given, and they had made multiplied millions in filling the contracts. But Congress provided for a commission to settle with these profiteers on an equitable basis, and up until last June they had settled \$1,500,000,000 of the \$3,000,000,000 claimed for \$600,000,000. And it was estimated that it would take \$600,000,000 more to settle the balance—which will make \$1,900,000,000 paid out in settling with the railroads and the profiteers for their alleged losses incident to the war without a single suggestion that it was necessary to make any special taxation to finance these things. The adjusted compensation bill of the former soldiers, which would not cost any more if every soldier took the cash and got it at once, was vetoed by President Harding with the backing of Mr. Mellon, the financial adviser of the administration, because a special tax was not levied to pay that. But some one says that it will take four billions to pay the bonus. I want to set down the figures, so that claim will not be made unchallenged again. Two million men went overseas. Under the bill they were to get a dollar and a quarter a day for each day in the service, not exceeding \$600, less the \$60 bonus paid on discharge. That is, \$540 each, if each one was in from the day war was declared until the end. This would make \$1,080,000,000. The men who did not go overseas were to have \$1 a day, not exceeding \$500, less the \$60 bonus, which would be \$440 each if everyone was in from the day war was declared until the end. This would make for the 2,000,000 men in \$880,000,000. The total therefore would be \$1,960,000,000 if every man had been in all the time, or about the same that they are paying the railroads and the profiteers without ever a suggestion of a special tax. The general understanding is that the average length of service was a little over six months, or around 200 days. But suppose it was higher than that and was half of a full service—half of that would be \$980,000,000, and that is about what it would cost, certainly not over a billion, to pay these boys the cash. And it is typical of this administration that it is taking care of the great financial corporations and turning its back upon the boys who stood between this great wealth and the concentrated power of Germany. And in this bill now before us it proposes to continue this policy of subsidizing great wealth with money taken from the pockets of the producers and the burden bearers of this country.

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn. The question is on agreeing to the amendment offered by the gentleman from Tennessee [Mr. DAVIS].

The question being taken, on a division (demanded by Mr. DAVIS of Tennessee) there were—ayes 61, noes 63.

Mr. TINCHER. I ask for tellers.

Tellers were ordered, and the Chairman appointed Mr. DAVIS of Tennessee and Mr. LEHLBACH.

The committee again divided; and the tellers reported—ayes 59, noes 70.

Accordingly, the amendment was rejected.

Mr. DAVIS of Tennessee. Mr. Chairman, I offer another amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Tennessee: Page 9, line 13, after the word "State," insert "and operated as a common carrier."

Mr. DAVIS of Tennessee. Mr. Chairman, this is along the same line as the last amendment. This section as it now reads extends and enumerates the tax exemptions in favor of ship-owners, which amount to an exemption of Federal taxes of every character, including excess profits, war profits, income tax, surtax, corporation tax, and everything else. It exempts them from payment upon the sole condition that they set the money aside for reinvestment. That is done without regard to whether they are common carriers or not. This amendment simply confines these exemptions and favors to the ships that are operated as common carriers; in other words, to the ships that are operating in the interest of the public and for the service of the public, and not solely for the enrichment of the Standard Oil Co., the United States Steel Trust, the Packers' Trust, the United Fruit Co., and the other classes of lines that get the benefit of these enormous exemptions, unless this amendment is adopted—exemptions that will be greater in their cases than in the case of any other steamship line.

Now, it is up to you.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. DAVIS of Tennessee. Yes.

Mr. CONNALLY of Texas. In line 13 why is the year 1921 exempted?

Mr. DAVIS of Tennessee. It says:

For the taxable year 1921 and for each of the eight taxable years following.

That is retroactive.

Mr. CONNALLY of Texas. Why is that? That is what I am trying to find out.

Mr. DAVIS of Tennessee. Simply in order to favor them for the past year as well as present and future years, that is all.

Mr. WHITE of Maine. If the gentleman from Texas [Mr. CONNALLY] will allow me, I wish to state that the simple reason for putting this in is that it is existing law and that they are simply carrying out the existing law, the Jones Act.

Mr. BRIGGS. Mr. Chairman, I move to strike out the last word. There has been a good deal of talk about this being an extremely innocent bill and having only one or two modifications of the existing law. The Jones law did not give any income-tax exemption. It made excess profits and war profits exempt under certain conditions. This bill expands very greatly the exemptions. How can any man say that the return of taxes paid into the Treasury does not constitute subsidies of the very highest value? How can any man say that taxes which otherwise would find their way into the Treasury of the United States, but which are allowed to remain in the pockets of a taxpayer are not contributions from the Treasury of the United States? Of course, these great organizations like the Standard Oil and the Fruit Trust and the Steel Trust will share in these benefits. Not only are they to derive these benefits in the future, but with a reported deficit of over \$700,000,000 the Treasury will have to pay back excess-profits and war-profit taxes beginning with the 1st of January, 1921. Mr. Chairman, it seems to me there is no use in intimating that these tax-exempt provisions are not of the very highest value. In fact, it was directly testified by those advocating this bill that the indirect aids were more valuable even than the direct aid or cash subsidy; and that is the only reason why the chairman of the Shipping Board says only "a modest sum" was provided for cash subsidies, because these indirect subsidies were regarded as the ones that would bear the burden.

Mr. SEARS. Will the gentleman yield?

Mr. BRIGGS. Yes.

Mr. SEARS. How much do the laboring people, the merchants, business men, and farmers of the West, North, East, and South get under this bill?

Mr. BRIGGS. The gentleman knows they get nothing under the bill.

Mr. SEARS. Why should they be overlooked?

Mr. FREAR. Will the gentleman yield?

Mr. BRIGGS. Yes.

Mr. FREAR. It was stated in this morning's paper by the Commissioner of Internal Revenue that the Treasury had \$1,400,000,000 less revenue this year than it had last.

Mr. BRIGGS. By the passage of this bill the Treasury will lose and have to restore some hundreds of millions of dollars to these rich corporations. That is the purpose of these retroactive provisions all through this bill—to restore excess profits and war taxes that have already been paid in. That purpose is manifest, and gentlemen will find that when these provisions are adopted that will be the result.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WHITE of Maine. Mr. Chairman, the Jones Act of 1920 provides for the exemption of the excess profits and war taxes of the 1918 act.

That act has gone out, and all we have done in this draft is to make those same general provisions of law available under existing tax statutes; that is all that has been done here.

Mr. CONNALLY of Texas. In other words, if a man has not taken advantage of the Jones Act, and has gone on and paid his income tax, he can come in now and take advantage of this act and get it back.

Mr. WHITE of Maine. He can not take advantage of that, because it has been repealed by the act of 1921. Does the gentleman mean the tax act?

Mr. CONNALLY of Texas. The gentleman says that this is reenacting existing law. If it is existing law, you do not need to reenact it.

Mr. WHITE of Maine. No; but we are trying to do something for American ships.

Mr. CONNALLY of Texas. By giving these parties retroactively something that they did not get under the Jones Act?

Mr. WHITE of Maine. The 1919 act continued in force and effect until November, 1921, and they had the benefit of that act up until that time. This bill simply gives them the benefit of the 1918 act, and it gives them the benefit of the 1921 act.

Mr. CONNALLY of Texas. What objection would the gentleman have to making it 1923?

Mr. WHITE of Maine. We do not want to cut them out, and we want to keep faith. We want them to have the benefits that the law contemplated they should have. Mr. Chairman, I move



that all debate upon this section and all amendments thereto be now closed.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee.

The question was taken, and the amendment was rejected.

Mr. CONNALLY of Texas. Mr. Chairman, I move to amend, in line 13, page 9, by striking out the figures "1921" and inserting in lieu thereof the figures "1923."

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 9, line 13, strike out the figures "1921" and insert in lieu thereof the figures "1923."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was rejected.

Mr. BANKHEAD. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. BANKHEAD: Pages 12 to 14, beginning at line 11, on page 12, strike out section 266.

Mr. BANKHEAD. Mr. Chairman, I understand that debate is closed on this amendment?

The CHAIRMAN. Debate is closed on this section and all amendments thereto. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. DAVIS of Tennessee. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Tennessee: Pages 9 to 17, strike out section 201.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Tennessee.

The amendment was rejected; and on a division (demanded by Mr. DAVIS of Tennessee) there were—ayes 46, noes 59.

Mr. DICKINSON. Mr. Chairman, I offer to amend, on page 17, line 7, by striking out section 270.

The CHAIRMAN. The gentleman from Iowa offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DICKINSON: Page 17, line 7, strike out section 270.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Iowa.

The question was taken; and on a division (demanded by Mr. DICKINSON) there were—ayes 54, noes 66.

Mr. DICKINSON. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. WHITE of Maine and Mr. DICKINSON to act as tellers.

The committee again divided; and the tellers reported—ayes 52, noes 82. So the amendment was rejected.

The Clerk read as follows:

SEC. 202. (a) Subdivision (a) of section 212 of the revenue act of 1921 is amended by striking out the word and figures "section 214" and inserting in lieu thereof the following: "sections 214, 265, and 266."

(b) Section 232 of the revenue act of 1921 is amended by striking out the word and figures "section 234" and inserting in lieu thereof the following: "sections 234, 265, and 266."

Mr. DAVIS of Tennessee. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DAVIS of Tennessee: Page 17, line 14, strike out section 202.

Mr. DAVIS of Tennessee. Mr. Chairman, this section simply extends the exemptions that were originally granted in the Jones Act. It widens them and covers other sections not covered in that act.

Mr. WHITE of Maine. Mr. Chairman, the amendment ought not to be agreed to, because this section simply fits what the committee has already adopted into the general scheme of the revenue act.

Mr. MONDELL. It rennumbers the sections.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Tennessee.

The question was taken, and the amendment was rejected.

Mr. MONDELL. Mr. Chairman, I move that all debate upon this section and all amendments thereto do now close.

The motion was agreed to.

The Clerk read as follows:

#### DEPRECIATION OF VESSELS.

SEC. 203. Title II of the revenue act of 1921 is further amended by adding at the end thereof, after the sections added thereto by section 201 of this act, a new section to read as follows:

#### "DEPRECIATION OF VESSELS.

"SEC. 272. (a) That in the case of vessels registered, enrolled, or licensed, under the laws of the United States, the reasonable allowance for exhaustion, wear and tear, and obsolescence, provided in paragraph (8) of subdivision (a) of section 214, and in paragraph (7) of subdivision (a) of section 234, shall be determined, and allocated to the years in which sustained, under rules and regulations prescribed by the United States Shipping Board.

"(b) In the case of a vessel of 1,000 gross tons or more (as shown by her certificate of admeasurement), registered, enrolled, or licensed, under the laws of the United States, acquired after August 1, 1914, and prior to January 1, 1921, there shall be allowed for the taxable year 1922 and each of the four succeeding taxable years, a reasonable deduction for the exceptional decrease in value thereof since the date of acquisition, but not again including any amount otherwise allowed under this act or any previous act of Congress as a deduction in computing net income. This deduction shall be determined and allocated to the taxable year 1922 and the four succeeding taxable years under rules and regulations prescribed by the United States Shipping Board. At any time before March 15, 1927, the commissioner may, and at the request of the taxpayer shall, reexamine the return, and if he then finds as a result of an appraisal or from other evidence that the value on which the tentative deduction for exceptional decrease in value was based, was incorrect or has changed, the income, war-profits and excess-profits taxes for the year or years affected shall be redetermined; and the amount of tax due upon such redetermination, if any, shall be paid upon notice and demand by the collector, and the amount of tax overpaid, if any, shall be credited or refunded to the taxpayer in accordance with the provisions of section 252.

"(c) This section shall take effect as of January 1, 1922."

Mr. BRIGGS. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. BRIGGS: Page 17, beginning line 22, strike out all of section 203, section 273, down to and including line 13, page 19.

Mr. DAVIS of Tennessee. Mr. Chairman, I desire to offer a perfecting amendment, but I suppose I shall be permitted to do so before the vote is taken on this.

The CHAIRMAN. Certainly.

Mr. BRIGGS. Mr. Chairman, this provision in the bill, which I seek to strike from it, is one which is designed to allow vessels acquired between August 1, 1914, and January 1, 1921, extraordinary reductions in capital costs. At the hearings it was contended that many of the ships constructed had been built at very great cost.

It was also stated, however, that during the period of the war and subsequent thereto, within a year and a half, most, if not all, of those ships earned fabulous sums; that under the common and accepted practice it was required that the capital cost should be reduced out of the net earnings, and it was testified by the owners that they would have followed that practice had they been permitted to do so by the Internal Revenue Bureau and the revenue law and regulations, but that they were only allowed to write off 5 per cent depreciation. The result was that these great earnings—in some cases nearly equal to the value of the ship in a single voyage—actually wiped out the initial cost of the ships and the great profits made are revealed in the hearings and exhibited in the minority report. Instead, therefore, of writing off capital costs, these great earnings were distributed either in the form of dividends or carried to surplus, until some of these companies accumulated a surplus so large that they declared immense stock dividends and some are even now carrying an enormous surplus. It is proposed now, under the bill, to allow these companies to write down the cost of those vessels and secure tax exemptions of the most valuable character, and at the same time preserve the fruits and returns that they received from the enormously high freight rates—in some cases 1,250 per cent over pre-war rates—which they earned during the war and subsequent to the war. At the hearings no one could or would tell how valuable this tax exemption is or how much it will amount to. All that was disclosed was that this so-called indirect aid was very valuable and that the indirect aids are really more valuable than the direct ones. No provision is made in this section for crediting against these tax allowances the great earnings made during this period; and I say this amendment ought to be adopted and this provision stricken from the bill.

Mr. WHITE of Maine. Mr. Chairman, I never heard in the discussion of a revenue bill that there should be a charge against depreciation from the man who owned a vessel or any other instrumentality. The fact is this provision is put in here to bring the policy of the United States with respect of depreciation in conformity with the practice adopted by all the maritime nations of the world, and that is all. It aims to put us in this respect on a parity with the other maritime nations of the world. The amendment ought to be voted down, and the provision should stay in the bill.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas.

Mr. DAVIS of Tennessee. Mr. Chairman, I offer a perfecting amendment.



The CHAIRMAN. The Clerk will report the amendment.  
The Clerk read as follows:

On page 18, line 2, strike out subsection B.

Mr. DAVIS of Tennessee. Mr. Chairman, this subsection is a deduction upon a ship purchased between August, 1914, and January 1, 1921, and, as stated by my colleague [Mr. BRIGGS], this is for the purpose of relieving from taxation these shipping companies which profited upon our Government and upon the people during the war to an enormous extent. Winthrop Marvin, vice president and general manager of the American Steamship Owners' Association, admitted at the hearings that during the war American steamship lines ran up the freight rates over 1,250 per cent upon our Government and upon the public. As a result of the enormous profiteering in which they indulged when their country was in the midst of war they made enormous profits. They made hundreds of per cent annual profits. Some of them made several times the value of their total investment. And I wish to cite for your information some of the specific profits which they made as they are presented in the hearings and which have never been denied by any living soul. In the first place they made profits which were characterized as "almost fabulous" by W. J. Love, one of the \$35,000 experts, and described as "enormous" by J. B. Small, another of the \$35,000 experts of the Shipping Board. For instance, the American-Hawaiian Steamship Co. paid dividends of 200 per cent in 1916, and 405 per cent for 1917; the Luckenbach Steamship Co. made a net profit on its capital of 236 per cent in 1916 and 606 per cent profit in 1917. The Pacific Mail Steamship Co. made 365 per cent net profit on its capital stock in 1915-1920; the Atlantic, Gulf & West Indies Co. made net profits greater than its capital in 1915-1920, and during 1921, the very worst time in the history of shipping, according to its own annual report made a net income of \$1,781,337 after deducting all expenses, taxes, interest, and losses on sale of Liberty bonds; the United Fruit Co., with a capital stock of \$50,000,000, made net profits of \$94,147,500 in 1915-1920, paid dividends of \$77,080,277, and increased their surplus to \$66,176,490; the Dollar Steamship Lines made net profits on its capital stock of 322 per cent in 1916 and 104 per cent in 1917. And, remember, that the Standard Oil Co. and the United States Steel and some of the packer companies and the other industrial companies, who carry their own products and are making enormous and even outrageous profits, get the benefit of this provision to which I am directing my remarks.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield for a question?

Mr. DAVIS of Tennessee. Yes; I yield.

Mr. EDMONDS. What steamship lines do the packer companies own that the gentleman talks about so frequently?

Mr. DAVIS of Tennessee. I do not recall the names of the lines any further than that I understand that some of them do own their own ships.

Mr. EDMONDS. I never heard of them.

Mr. DAVIS of Tennessee. Well, there are a lot of things that the gentleman never heard of. Assuming that he is correct, which I do not think he is, out of all the enormous and fabulous profits that I have enumerated, that is the only one about which the gentleman can take issue with me, because they are the facts.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. KNUTSON. Mr. Chairman, I move that the gentleman be given an additional minute.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Tennessee.

The question was taken, and the Chairman announced that the "noes" appeared to have it.

Mr. DAVIS of Tennessee. A division, Mr. Chairman.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 41, noes 75.

Mr. DAVIS of Tennessee. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from Tennessee demands tellers.

Tellers were ordered, and the Chair appointed Mr. WHITE of Maine and Mr. DAVIS of Tennessee to act as tellers.

The committee again divided; and the tellers reported—ayes 48, noes 90.

So the amendment was rejected.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas [Mr. BRIGGS].

The question was taken, and the Chairman announced that the "noes" appeared to have it.

Mr. BRIGGS. Mr. Chairman, I demand a division.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 25, noes 64.  
So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

#### INCOME-TAX CREDIT FOR TRANSPORTATION BY WATER.

SEC. 204. Title II of the revenue act of 1921 is further amended by adding, after the section added thereto by section 203 of this act, a new section, to read as follows:

#### CREDIT FOR AMOUNTS PAID FOR WATER TRANSPORTATION.

"SEC. 273. (a) That the tax computed under this title (less the credits provided by sections 222 and 238) shall be credited with an amount equal to 5 per cent of the amount of freight money paid (not accrued) by the taxpayer and for his own account during the taxable year and after the enactment of the merchant marine act, 1922, for the transportation after the enactment of such act in a vessel registered or enrolled and licensed under the laws of the United States of cargo not taken on board at a port in the coastwise trade and discharged at another port in such trade. If such transportation is in a vessel chartered by the owner of any part of the cargo from a person not affiliated with such owner within the meaning of subdivision (b), the amount of freight money paid by the charterer for the transportation of such part of the cargo shall, for the purposes of this section, be such amount as is determined by the United States Shipping Board and certified by it to the commissioner. In such cases the credit shall not be originally claimed by the taxpayer in his return, unless the return is accompanied by a copy of the certificate of the Shipping Board.

"(b) The credit provided in this section shall not be allowed with reference to transactions between persons who are affiliated. For the purposes of this section two or more corporations or associations shall be held to be affiliated if one corporation or association owns directly, or controls through closely affiliated interests or by a nominee or nominees, more than 50 per cent of the outstanding stock of or interest in the other; or if more than 50 per cent of the outstanding stock of or interest in such corporations or associations is owned directly, or controlled through closely affiliated interests or by a nominee or nominees, by the same interests. For the purposes of this section an individual or partnership shall be held to be affiliated with a corporation or association if more than 50 per cent of the outstanding stock of or interest in the corporation or association is owned directly, or controlled through closely affiliated interests or by a nominee or nominees, by the individual or partnership."

Mr. GRAHAM of Illinois. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM of Illinois: Pages 19 to 21, strike out section 204.

Mr. GRAHAM of Illinois. Mr. Chairman and gentlemen of the committee, this section is the one that provides for a 5 per cent rebate to anyone who ships goods in a vessel documented under the laws of the United States. I think it is vicious. I think it is extremely dangerous.

By this section you give to the man who ships across the ocean a rebate of 5 per cent, or a deduction of 5 per cent on his income tax. That is, 5 per cent of the freight is to be considered as an exemption or a deduction, which, of course, is not 5 per cent of the income tax, but it might in some cases amount to all of the income tax. In other words, it may have the effect of exempting entirely certain classes of shippers from payment of income tax under the revenue law.

I do not believe that the American Congress wants to write that sort of a principle into any law. So far as I am concerned, I think it is so inherently vicious and bad that if it were to go into this bill I could not support the bill. I say that simply to state my own position; I do not claim to speak for anybody but myself. But I think this is a bad principle, and it should be taken out of the bill; and I appeal especially to the Members of the Republican side of the House to yield now to the demand that I think is insisted upon by the country, that this be not written into the bill if the bill is to be passed.

I ask those representing agricultural districts, why would not the same argument apply exactly to the cooperative associations out in Illinois and Iowa that have grain for export and which want to ship that grain across the sea? Do you say to those associations, "You may have 5 per cent off on your freight to the seaboard"? Not at all. The farmer is not exempted. No such exemption is given to him, but it is given to the commission man or to the shipper on the seaboard for his shipment across the sea. I can not defend that sort of a proposition. I do not know how we can explain that to the farmers of the country who are now complaining because of the high freight rates charged for the shipment of their products. I do not see how we can exempt those who ship commodities across the sea and at the same time say to the farmer, "You must continue to pay high freight rates and get no deduction on what you spend." [Applause.]

Mr. DICKINSON. Mr. Chairman, I have an amendment which I wish to offer. It is a perfecting amendment.

The CHAIRMAN. The gentleman from Iowa offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DICKINSON: Page 20, line 1, after the word "vessel," insert "or when transported by any common carrier for shipment in such vessel."



Mr. DICKINSON. Mr. Chairman, in support of this amendment I wish to say that the purpose—

Mr. EDMONDS. Mr. Chairman, I would like to make a point of order against that amendment. As I understand, it affects railroad rates. There is nothing in this bill that affects railroad rates.

Mr. BANKHEAD. Mr. Chairman, I make the point of order that the point of order comes too late.

The CHAIRMAN. The Chair is inclined to believe that the gentleman from Iowa had actually begun his argument.

Mr. LEHLBACH. The gentleman from Pennsylvania was on his feet and made the point of order as soon as he understood the purport of the amendment. The gentleman from Iowa [Mr. DICKINSON] was recognized but had not started.

The CHAIRMAN. The Chair was observing very closely the gentleman from Iowa and thought he had actually begun speaking, and the Chair should think that he had spoken at least half a dozen or ten words before the gentleman from Pennsylvania rose. Under those circumstances, and in face of the point of order, the Chair would be compelled to rule that it is too late.

Mr. LANGLEY. Mr. Chairman, can the amendment be again read?

The CHAIRMAN. If the gentleman from Iowa is willing to suspend for that purpose, the amendment may again be read.

Mr. BANKHEAD. Mr. Chairman, I object, unless I understand that no point of order can be made against it.

The CHAIRMAN. The gentleman had already begun his argument, and the Chair asked if the gentleman will yield for that purpose. Without objection the gentleman from Iowa [Mr. DICKINSON] having the floor, the amendment may be read for information of the House. The Clerk will read.

The Clerk read as follows:

Amendment offered by Mr. DICKINSON: Page 20, line 1, after the word "vessel," insert "or when transported by any common carrier for shipment in such vessel."

Mr. DICKINSON. The purpose of this amendment is to give the producer the same right to the deduction of 5 per cent from his income tax that the shipper has under this provision to have 5 per cent deducted from his income tax. It would apply to the farmer, it would apply to the manufacturer, it would apply to anyone who produced tonnage that is going to be shipped on these vessels across the sea. What could be more fair? Why should these men insist that the shipper have this privilege without giving it to the man who produces the cargo? I am here simply trying to get this provision into the law so that it will help the man who produces the cargo and give him permission to get 5 per cent of the freight he is compelled to pay deducted from his income tax the same as you give the shipowner the right to do.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Iowa [Mr. DICKINSON].

The question being taken, on a division (demanded by Mr. DICKINSON) there were—ayes 39, noes 61.

Accordingly, the amendment was rejected.

Mr. BRIGGS. Mr. Chairman, I have a perfecting amendment.

The CHAIRMAN. The gentleman from Texas offers a preferential amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BRIGGS: Page 20, line 18, strike out all of subdivision (b) after the word "affiliated," down to and including line 7, page 21.

Mr. BRIGGS. Mr. Chairman, this amendment strikes out the definition of the word "affiliated." It is my understanding that it is the contention that industrial companies like the Standard Oil, the Steel Trust, the Fruit Trust, and others would be denied the benefit of this 5 per cent rebate under the provision contained in the bill that "the credit provided in this section shall not be allowed with reference to transactions between persons who are affiliated." If just that language is allowed to stand, it is probable that it may have that effect, but if the definition of the word "affiliated" is continued in the bill it is probable that all those companies will also enjoy this 5 per cent rebate.

Why, the Federal Trade Commission not a great while since had occasion to investigate the acquisition of holdings by the Standard Oil Co. of Indiana in the Wyoming field, and they found that even the ownership of 30 or 40 per cent of the stock of another company would give the control to the corporation owning that amount of stock. The chairman of the Federal Trade Commission, to whom I addressed a letter upon this very question, wrote me as follows:

In effect it seems to be the fact that control seems to be dependent not so much upon the amount of stock that the active minority holder may own as upon the diversification of holdings and inert qualities of holders of the majority interests. One thing is certain, and that is that no mathematical proportion can be assigned as necessary to constitute control.

He also stated in that letter that it was notorious that Mr. Gould controlled the policies of the Missouri Pacific, although he owned no more than 23 per cent of the stock of that corporation, and that there were others where even less stock ownership was held that dominated the control of organizations. So this provision here that I seek to strike out, which defines affiliated companies as those having more than 50 per cent interest in another, would open the doors wide to any company to escape the limitation if it owned only 50 per cent of the stock. They could unquestionably enjoy the benefit of this 5 per cent rebate. If they owned 49 per cent, they could enjoy the benefit of this rebate. This definition is a most dangerous provision, if you are aiming to really prevent the benefits of the 5 per cent rebate from going to those great industrial corporations, like the Standard Oil and similar combinations, which do not really strongly lay claim, I understand, to any need for sharing in the subsidy.

Mr. WHITE of Maine. If the committee understands the provisions of this section at all as it is drawn, the Standard Oil Co., the United States Steel Corporation, and the United Fruit Co., and other companies which own vessels are not the beneficiaries under this section on account of their own commodities which they carry. That is the general proposition. Then this provision with respect to affiliated companies was put in so as to prevent companies like the Standard Oil, the United States Steel, and the United Fruit from using a subsidiary corporation for the carriage of their products and thereby getting the benefit of the 5 per cent deduction. It seems to me if that provision is stricken out it will accomplish the very thing you do not want to have permitted. You do not want these corporations, either directly or through a subsidiary or affiliated corporation, to get the benefit of this deduction. This was put in for that purpose, and we believe it accomplishes it.

I move that all debate on this section and all amendments thereto be now closed.

Mr. HAWLEY. May I ask a question?

The CHAIRMAN. The gentleman from Maine has moved that all debate on this section and all amendments thereto be now closed.

Mr. JOHNSON of Washington. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JOHNSON of Washington. I should like to know if an amendment is pending for the striking out of all of section 204?

The CHAIRMAN. It is.

Mr. HAWLEY. Will the gentleman from Maine withhold his motion? I would like to have five minutes. I have not spoken on the bill.

Mr. WHITE of Maine. If I may do so I will modify my motion so that all debate on the section and all amendments thereto shall close in 10 minutes.

Mr. DAVIS of Tennessee. I want five minutes.

The CHAIRMAN. The gentleman from Maine moves that all debate on this section and all amendments thereto close in 10 minutes.

The question was taken and the motion was agreed to.

Mr. HAWLEY. Mr. Chairman, I rise to support the amendment made by the gentleman from Illinois [Mr. GRAHAM] to strike out section 204. Under the revenue law in reckoning the income tax payable by any individual or corporation, a taxpayer first makes an accounting of his gross income. Then there are subtracted from the gross income reductions of two kinds. One is described under the law as deductions and the other described under the law as credits. After these are taken from the gross income you have the net income of the individual or corporation upon which the tax to be paid is computed. Now, the paragraph in this bill proposes something entirely new. It proposes that after the tax is calculated and ascertained there shall be a further deduction made. It uses the word "credit" in a new sense. Apparently it confuses the meaning. It provides that after the deductions and credits authorized by the revenue law are made a further "credit" shall be made; this further credit is not taken from the gross income, but is taken from the tax after it is assessed. There is no other case like that in the law, so far as I now recall.

Mr. WHITE of Maine. I think the gentleman is mistaken. Section 222 of the income tax law provides that the tax computed under the act shall be credited and then goes on to enumerate the number of items which are to be credited, just as we propose to do here. I think we have followed the phraseology of the income tax law.

Mr. HAWLEY. I think the gentleman is in error. The subtractions for deductions and credits made under the revenue law are from the gross income in order to ascertain the taxable net income, and not made from the tax upon the net income.



Mr. WHITE of Maine. I think the gentleman is in error.  
Mr. HAWLEY. Now, take the case of two business men engaged in the transaction or prosecution of any business or enterprise of the same character in any locality. If one deals in American-made goods and the other in goods brought in from abroad, then the man who brings his goods from abroad in American vessels and pays the ocean freight gets a deduction of 5 per cent on the amount paid for freight from his income tax while his competitor must pay the full amount.

Mr. JOHNSON of Washington. On this proposition?

Mr. HAWLEY. Yes; under the paragraph now under discussion. Suppose there were two business men in town doing an amount of business that would require each to pay \$30,000 as income tax every year. One man deals in foreign goods very largely and pays \$300,000 as freight on commodities carried in American bottoms. He is to get 5 per cent as a deduction from his income tax, or \$15,000, and so will pay only \$15,000. The other man, his competitor who deals solely in American goods, will pay an income tax of \$30,000 under the proposal in this paragraph.

Now, the policy of taxation, so far as the Government is concerned, is to hold an even balance between individuals and corporations, so that no one will be benefited at the expense of another as a result of any tax.

Mr. JOHNSON of Washington. A merchant who used American ships would have the benefit of 5 per cent of the amount paid for freight over his competitors who did not use American ships, since they dealt in goods of American production.

Mr. HAWLEY. Yes. It seems to me a vicious provision to deduct the amount from the income tax after once ascertained. And more than that, the taxing power should not be used to give one man or corporation an advantage in business over another man or corporation. I think the motion of the gentleman from Illinois [Mr. GRAHAM] should prevail. [Applause.]

Mr. DAVIS of Tennessee. Mr. Chairman—

The CHAIRMAN. The gentleman from Tennessee is recognized.

Mr. MONDELL. But, Mr. Chairman, the time so far occupied in debate on this amendment has been in the affirmative. Debate was limited to 10 minutes.

Mr. GARRETT of Tennessee. I suggest that the gentleman ask an extension of time of five minutes, and let the gentleman from Tennessee who has received recognition have that five minutes.

Mr. WHITE of Maine. I will let the gentleman from Tennessee proceed for three minutes and I will take two.

Mr. DAVIS of Tennessee. That will be satisfactory.

The CHAIRMAN. Then the Chair recognizes the gentleman from Tennessee for three minutes.

Mr. DAVIS of Tennessee. Mr. Chairman, we all recollect that the Jones bill contains section 34, which President Wilson and President Harding saw proper to decline to put into execution or attempt to do so. The failure to execute that provision was given as the chief reason for the passage of this bill. A little over two years ago the Jones bill was presented by the Republican Party as a complete solution of this question. The section under consideration is one that is designed to take the place of section 34. According to the statements of the proponents of the bill, they think this provision is more valuable to the shipping interests than section 34 would have been if put into execution. During the hearings Chairman Lasker said:

It is the belief of the Shipping Board that the proposed deduction from net Federal income tax of 5 per cent of the freight paid on goods imported or exported in American-flag vessels may do more to aid in the upbuilding of the American merchant marine than any proposal which is herein submitted to the Congress.

Section 34 provided preferential tariffs for American-flag ships, but this could only be applicable to dutiable imports. The operation of section 34 gave no preference to American ships on exports and no preference to American ships on nondutiable imports. The proposed 5 per cent deduction from taxes of the freights paid on goods imported or exported in American-flag vessels now made should insure a preference to American shippers on every ton of goods sold abroad or bought for consumption at home. This 5 per cent deduction is made in substitution of section 34, but we of the Shipping Board believe it is possible that this section will accomplish at less cost to the Treasury much more than might have been accomplished by section 34.

Nothing that can be devised, the Shipping Board feels, will so greatly insure volume to American ships as the 5 per cent tax deduction here proposed.

And on cross-examination the following occurred:

Mr. LAZARO. Mr. Lasker, you stated if the Jones law could have been carried out as a whole it would have given us an American merchant marine without asking for further legislation?

Mr. LASKER. In my belief.

Winthrop L. Marvin, general manager of the American Steamship Owners' Association, and the real father of this bill, in an article in Marine Engineering gave the same opinion as to the

value of this substitute for section 34, saying, among other things, that—

As a matter of fact, it is far more valuable and effective, for it would apply to all merchandise, dutiable or free, inward or outward.

Now, while all these things are admitted to be true, yet this bill not only proposes an enactment of this provision but an enactment of innumerable other provisions carrying heavy subsidies and various other indirect aids, imposing burdens upon the taxpayers of more than \$65,000,000 per annum in addition to cost of the provision in question.

Mr. WHITE of Maine. Mr. Chairman, the situation to which this section relates is simply this: Under previous legislation, far back in the shipping history of this country, we used discriminating duties. Either we levied an additional duty on goods brought here in foreign ships, or, on the other hand, we levied a less rate of duty on goods brought in in American ships. Either was an incentive to transport goods in an American ship. The possibility of doing that thing has been denied. We are up against a situation where through long years foreign lines have intrenched themselves in the control of the movement of American goods to and from foreign ports. They are intrenched to-day, and one of our great problems is to get the American shipper to utilize American ships for the movement of his goods. Boiled right straight down to its final analysis this is an inducement to the American shipper to use the American ships for the carriage of his goods both across the water to foreign ports and from foreign ports back here. The 5 per cent deduction does not go to the ship operator. It goes to the man who owns the goods and who ships those goods in foreign commerce in our vessels. We believe that it will be a powerful inducement to American shippers to overcome their long habit of utilizing foreign ships and be a great inducement to American shippers to utilize henceforth American ships. We believe that in full cargoes is profit for American ships and the assurance of an American merchant marine.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was rejected.

The CHAIRMAN. The question now recurs on the motion of the gentleman from Illinois to strike out the section.

The question was taken; and on a division (demanded by Mr. JOHNSON of Washington) there were—ayes 56, noes 47.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 205. Subdivision (b) of section 213 of the revenue act of 1921 is amended by striking out the period at the end of paragraph (13) thereof, and inserting in lieu thereof a semicolon, and by adding after paragraph (13) a new paragraph to read as follows:

"(14) Amounts received by the owner of a vessel under section 403 of the merchant marine act, 1922, out of the merchant marine fund created by such act."

Mr. WHITE of Maine. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITE of Maine: Page 21, line 9, strike out the figures "205" and insert in lieu thereof the figures "204."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

#### TONNAGE DUTIES.

SEC. 206. After 30 days from the enactment of this act all amounts required to be levied, collected, and paid as tonnage duties, tonnage taxes, or light money, except such amounts as are required to be paid into the treasury of the Philippine Islands, shall be double the amounts which would be required to be levied, collected, and paid if this act had not been enacted. This section shall not apply in the case of a sailing vessel (as defined in sec. 405) of less than 1,000 gross tons, or in the case of any other kind of vessel of less than 1,500 gross tons.

Mr. WHITE of Maine. Mr. Chairman, on page 21, line 18, I move to strike out the numerals "206" and insert in lieu thereof the numerals "205."

The CHAIRMAN. Without objection, the Clerk will change the numbering of the section.

There was no objection.

The Clerk read as follows:

#### TITLE III.—TRANSPORTATION OF IMMIGRANTS BY WATER.

SEC. 301. As nearly as practicable one-half of the total number of immigrants admitted to the United States in any fiscal year shall be transported in vessels registered, or enrolled and licensed, under the laws of the United States.

Mr. RAKER. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. RAKER: Page 22, line 3, strike out all of section 301, being lines 3 to 8, both inclusive, on page 22.



Mr. JOHNSON of Washington. Mr. Chairman, it is generally conceded that, if possible, any immigrants who are permitted to come into the United States should come in American ships, if we have the ships. But as a matter of equity it is not considered advisable to suggest that more than one-half come in that way. Several countries have laws regulating emigration and have laws in regard to immigration. Other countries say by law or by order how their emigrants shall travel, and now the United States proposes in this section of the merchant marine bill to say that if any immigrants come, one-half shall come in ships of the United States. We might write all the details into this law, but we can do it better in another bill which is to come later. A section following the one now under discussion deals with treaties and gives the President the right to act in opposition to treaties, if necessary. The assumption is, and I think it will turn out to be just that way, that the State Department will open negotiations with those countries which seem to be desirous of sending emigrants to us which will lead to an arrangement by which 50 per cent will come on American ships. Of course, this does not mean that more shall come than our immigration laws permit.

I can not see that this proposal will open the way for an increase in immigration if Congress decides we shall not have that increase, but it will give a chance to the American ships to permit the relatives in this country to lay down the money here in the United States for the passage of relatives now in Europe—

Mr. STEVENSON. If the gentleman will permit, I notice an interview by Mr. Mellon by which he advocated the open door for labor immigrants and the exclusion of others. Will this affect that in any way?

Mr. JOHNSON of Washington. If the gentleman will read the remarks made by me in the CONGRESSIONAL RECORD of Friday he will find a complete answer. The immigration laws are not to be weakened, loosened, or opened. I think his proposal is fair to the United States, in encouraging United States shipping, and ultimately help us to properly regulate immigration to the benefit of all concerned.

Mr. MONDELL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

Mr. BOX. Mr. Chairman, I have sent to the Clerk's desk a perfecting amendment.

The CHAIRMAN. The gentleman from Wyoming moves that all debate on this section and all amendments thereto do now close.

Mr. BOX. I move to amend that by making it in five minutes. I have a perfecting amendment which I wish to present at this time, and the Chair, expecting he would be able to do it, assured me I would be recognized.

The CHAIRMAN. The gentleman will be able to present it in any case.

Mr. BOX. I move to amend the gentleman's motion by making debate close in five minutes.

The CHAIRMAN. The gentleman from Texas offers an amendment to the motion that debate close in five minutes.

Mr. MONDELL. I will agree to modify it and make the debate close in six minutes.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. BOX. I desire to offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. Box: Page 22, line 7, after the word "year," insert the words "in compliance with the immigration laws of the United States."

Mr. BOX. Mr. Chairman and gentlemen of the committee, I present this amendment for the purpose of getting a brief expression of my objection to this provision and my suggestion of a needed amendment to a subsequent section before the committee.

Mr. GREENE of Massachusetts. I will accept the amendment.

Mr. BOX. I want to continue, if I may. [Laughter.]

The CHAIRMAN. The Chair recognized the gentleman for five minutes.

Mr. BOX. The point is that I expect to follow this amendment up by a subsequent one, which was my purpose in presenting this one.

I offer this amendment at this time in the hope that in the time allowed me I may get into the minds of the membership the necessity for an amendment which I expect to offer to a subsequent paragraph. An amendment embodying the idea suggested by this one should be carried into section 303 of this title. It is suggested that this or any like amendment undertakes to direct the President in the exercise of his treaty-

making power, but that is exactly what section 303 of this title already undertakes to do. If we are going to make any suggestions as to his manner of exercising that power, which the bill as presented by the committee does, I want us not to couple that suggestion with any hint that we think he should modify the law to meet the treaties. In his action in dealing with the immigration laws, with the advice and consent of the Senate, he will be making "the supreme law of the land," before which prior immigration statutes will have to give way. If we are to suggest anything, let us suggest that he make the treaties fit our immigration statutes. When he carries the regulation of immigration into the treaty-making functions of his office he enters into a forum where the voice of foreign powers must be heard and their will consulted. I hope that there may be an affirmative declaration by Congress that when the treaty-making power is exercised by the President, as suggested by this title, it should be done in compliance with the immigration laws. [Applause.]

Mr. EDMONDS. Mr. Chairman, all I have got to say is that the English papers are discussing this bill in England and their friends here, and they say that if we leave off the 5 per cent tax deduction and take out this immigration section they do not care what kind of a bill we pass.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken, and the amendment was rejected.

Mr. CONNALLY of Texas. Mr. Chairman, a point of order. What amendment was the Chair ruling on?

The CHAIRMAN. The gentleman's from Texas [Mr. Box].

Mr. CONNALLY of Texas. A point of order. The Chair announced that the amendment was accepted, and no one objected. Does not the Chair think that that—

Mr. EDMONDS. That is the first amendment that he offered.

The CHAIRMAN. The amendment offered by the gentleman from California is still pending.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

SEC. 302. The Commissioner General of Immigration, with the approval of the Secretary of Labor, shall make regulations necessary for the enforcement of section 301. All such regulations, in so far as they relate to the administration of such section by diplomatic or consular officers of the United States, shall be subject to the approval of the Secretary of State.

Mr. EDMONDS. Mr. Chairman, I do not know what the gentleman means by talking about Mr. Rossbottom, or why he quotes from him; but I do know that Mr. Rossbottom is trying to arrange to have three or four of his ships changed so that he can carry immigrants. Several times "Nauticus" has stated that all the foreigners care about is for us to take out the income-tax exemption of shippers and take out the immigration provisions, and then we can pass any legislation that we please. The people of Italy require that all their immigrants shall travel on Italian ships.

Mr. RAKER. Will the gentleman allow me to state what Mr. Lasker said on that subject?

Mr. EDMONDS. I can not yield now.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield for a brief question?

Mr. EDMONDS. I can not yield now.

The CHAIRMAN. The gentleman declines to yield.

Mr. EDMONDS. Before the war the immigration into this country was divided up between the English and the German and the Holland lines. We got no show at it. If you propose to run your ships, you have got to have immigration. The gentleman from California [Mr. RAKER] is opposed to any change of law except by his committee. Any law that we have on the books has to be changed by his committee.

Mr. MONDELL. Mr. Chairman, I move that all debate on this section and all amendments thereto be now closed.

The CHAIRMAN. The gentleman from Wyoming moves that all debate on this section and all amendments thereto be now closed. The question is on agreeing to that motion.

The motion was agreed to.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from California [Mr. RAKER].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 303. Section 301 shall not take effect as to immigrants transported in a vessel documented under the laws of any foreign country until a time fixed by proclamation of the President. The President is authorized and directed, whenever in his opinion the provisions of this title or of regulations made thereunder, are or may be in conflict with treaties or conventions with a foreign country, to take such steps as may, in his opinion, be necessary to remove such conflict. Whenever, in his opinion, no such conflict exists in the case of any country he



shall so proclaim, and the provisions of this title and regulations made thereunder shall take effect in the case of immigrants transported in vessels documented under the laws of such country at the time specified in his proclamation therefor.

Mr. BOX. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. Box: Page 20, line 23, after the word "conflict," strike out the period and insert in lieu thereof the following: "by making such treaties or conventions conform to the provisions of this title and all other immigration laws of the United States."

Mr. CHINDBLOM. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. CHINDBLOM. We can not by legislation establish the terms of the treaty to be made by the President. It belongs to the Executive department. A treaty once negotiated by the President is subject only to approval by the Senate. We can not in this legislation provide for the terms of a treaty.

The CHAIRMAN. The gentleman raises a constitutional question. It is not within the province of the Chair to determine that. The Chair will examine the amendment. The Chair overrules the point of order.

Mr. BOX. Mr. Chairman and gentlemen, I invite your attention to this in connection with the point of order which the gentleman from Illinois [Mr. CHINDBLOM] makes. He makes a point that is probably valid from the constitutional standpoint, that we have no power to direct the President as to the making of treaties, but that is what we are doing in this section with or without any amendment.

Now, that being so, we can not instruct him to change these treaties; but it is the law, as I understand, that a treaty made and ratified will invalidate or repeal a prior statute, and having no authority to direct the President in his power to deal with one of two things, one of which is treaties and the other of which is statutes, we are telling him to bring these two conflicting things together. Our effort to give any direction is only an effort to authorize him to bend the statutes to fit treaties which we have no power to direct him in making.

Title 3, sections 301, 302, 303, and 304, provide that as nearly as practicable one-half of the total number of immigrants admitted to the United States in any fiscal year shall be transported in vessels registered or enrolled and licensed under the laws of the United States. Subsequent paragraphs of title 3 plainly recognize the fact that this is violative of our treaties with many foreign powers. This fact is admitted by the gentleman from Pennsylvania [Mr. EDMONDS], as shown by the following, taken from column 1, page 92, of the CONGRESSIONAL RECORD of November 23:

Mr. RAKER. The idea was in the committee that this provision violated about 32 treaties.

Mr. EDMONDS. I think that is right.

My understanding is that the essence of the conflict between this provision and other treaties is much the same as that of the conflict between section 34 of the Jones Act and the treaties. Section 34 did not designate the points of conflict between it and all of the treaties. A general review of a great many of our treaties, and a thorough understanding of each, would be necessary to locate all these points of conflict. That was left to the President. I think the same would be found true of the conflict between this clause and the 30 or more treaties with which it would conflict. I think one of these conflicts is illustrated by a comparison between this clause and a clause in our treaty with Serbia, concluded October 14, 1881, which is as follows:

There shall be reciprocally full and entire liberty of commerce and navigation between the citizens and subjects of the two high contracting parties. (Vol. 14 Senate Documents, 66th Cong., 1st sess., 1919, p. 36.)

The fact that stipulations such as this ramify our whole system of treaties of commerce and navigation, and the further fact that the denunciation of one clause of a treaty might, in effect, destroy the whole treaty and release the other party from all the obligations thereof, were evidently elements which deterred Presidents Wilson and Harding from denouncing these treaties. The same appalling difficulty attends the execution of the plan outlined in Title III.

That difficulty has been so great that neither President Wilson nor President Harding would undertake to overcome it, and I doubt if any wise President would. But great as that difficulty is, and forceful as is the objection which it presents to the enactment of Title III, I do not regard it as the most serious objection to it. The most serious objection is in the fact that this particular title, in effect, authorizes the President to abrogate provisions of our immigration laws. It seems to be conceded that a treaty negotiated and ratified after the

passage of an act of Congress may modify or repeal a prior legislative enactment by Congress. In the American Journal of International Law, No. 15, 1921, page 34, Jesse S. Reeves, professor of political science of the University of Michigan, says:

On the other hand, a treaty may not only create a new international obligation but may modify, by way of amendment or repeal, a prior expression of the legislative will as expressed by Congress.

It is believed that many authorities could be found in support of this proposition if time permitted a collection and statement of them, and that the proposition is necessarily involved in the larger proposition that the treaties made by the President, with the advice and consent of the Senate, are the supreme law of the land.

Now, what have we in Title III? Section 301 violates the provisions of 32 treaties of the United States with foreign powers. Section 303 provides:

The President is authorized and directed, whenever in his opinion the provisions of this title or regulations thereunder are, or may be, in conflict with treaties or conventions with a foreign country, to take such steps as may in his opinion be necessary to remove such conflict.

Here the President is authorized and directed to deal with two things: First, with treaties; second, with statutory law and regulations made in obedience to it. Any authority or direction to the President concerning his treaty-making power is void. It has no legal effect, and more than one President has so treated it. But the power which this invites him to exercise over statutory law is substantial. We may not tell the President how he shall exercise his treaty-making power, but we can in advance suggest and invite his abrogation of statutory provisions of the immigration laws by directing him to deal with two things which may be in conflict so as to remove the conflict. If we had power to direct in both, that would give him authority over both, but he already has authority over at least one, and we are suggesting that he exercise that authority for the modification of our immigration laws.

One of the greatest dangers to which the immigration laws have been exposed during recent years has, in my judgment, been the danger of passing them over to the control of the treaty-making power. Foreign countries have a say in the making of treaties. When Congress invites the President to control immigration laws by the treaty-making power it invites the President to consult with foreign countries and meet their views on our immigration policies. There can be no treaty with a foreign power except upon terms acceptable to such foreign power. If our immigration laws ever come in actual practice to be controlled by the President in his treaty making, they will pass into that forum where the voice of foreign powers must be heard and their wishes consulted. We all know that they want to unload their surplus and undesirable population upon us. They will not agree to treaties made exclusively in our interests, as we have a right to make our immigration laws; therefore we shall insist that our immigration policies shall be controlled by Congress and not by the President through the treaty-making power.

I call special attention to the fact that nearly all of our leading immigration laws restricting immigration have had to be passed over the Presidents' vetoes. Our Presidents have not usually been in sympathy with the views of the people on this subject, and have repeatedly used the veto power to prevent them from giving expression to what they have repeatedly tried to say for themselves and their posterity. In 1879 President Hayes vetoed the first Chinese exclusion act. (2 I. C. R. 580.) In 1882 President Arthur vetoed an act suspending Chinese immigration for a period of 20 years. (2 I. C. R. 581.) On March 3, 1897, President Cleveland vetoed an immigration act excluding illiterates (2 I. C. R. 573.) President Taft vetoed an immigration bill in 1913 containing a restriction against the admission of illiterates. (Page 101, RECORD, special session, 59th Cong.) In 1917 President Wilson vetoed an act excluding illiterates, but Congress passed it over his veto.

The present 3 per cent law and extensions of it, have been approved by President Harding, which is an exception to the rule which usually applies, but we have no assurance that the exception will hereafter control the present or future Presidents. I am convinced that the purpose of the principal provisions of Title III are to enable Mr. Lasker, the chairman of the Shipping Board, and the private shipping companies, in whose interests this bill is proposed, to get control of the immigration laws so as to prevent their restricting the profits of the lawless steamship companies who bring immigrants here. Their record in dealing with it is marked throughout by disregard of law and the public interest, in return for which we are subsidizing them and placing them in a position in which, through their advocate, Mr. Lasker, they can mislead the President and, for the purpose of making money out of immigration



traffic, weaken or disregard vital parts of the immigration laws, every wholesome and restrictive feature of which they so much hate.

But if we say to the President that whatever he does with the subject should be in harmony with the law as now existing we are maintaining that which it is our duty to maintain. It would be extreme folly, I am afraid—serious and calamitous folly—for us to abandon the control of this part of our national policy to the Executive. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. MONDELL. Mr. Chairman, I rise in opposition to the amendment. I do not think it is either wise or necessary to direct or advise the President in the matter of treaty making.

I move that all debate on this section and all amendments thereto be now closed.

The CHAIRMAN. The gentleman from Wyoming moves that all debate on this section and all amendments thereto be now closed.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. Box.]

The question being taken, the amendment was rejected.

Mr. RAKER. Mr. Chairman, I move to strike out the section.

The CHAIRMAN. The gentleman from California moves to strike out the section.

The question being taken, the motion was rejected.

Mr. BOX. Mr. Chairman, I ask leave to revise and extend my remarks in the Record.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to revise and extend his remarks in the Record. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 304. The term "United States" as used in this title in a geographical sense means the several States, the Territories of Alaska and Hawaii, the District of Columbia, Porto Rico, and the Virgin Islands.

Mr. RAKER. Mr. Chairman, I move to strike out the section.

Mr. GREENE of Massachusetts. I move that the committee do now rise.

The CHAIRMAN. The gentleman from California moves to strike out the section. The gentleman from Massachusetts moves that the committee do now rise. The motion of the gentleman from California will be pending in the morning.

The motion of Mr. GREENE of Massachusetts was agreed to.

The committee accordingly rose; and the Speaker having resumed the chair, Mr. TILSON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 12817) to amend and supplement the merchant marine act of 1920, and for other purposes; had come to no resolution thereon.

#### LEAVE OF ABSENCE.

By unanimous consent leave of absence was granted—

To Mr. TUCKER, for to-day, on account of sickness.

To Mr. DAVIS of Minnesota, indefinitely, on account of illness.

#### LEAVE TO EXTEND REMARKS.

Mr. BRIGGS. Mr. Speaker, I ask unanimous consent to extend my remarks made in the debate on this bill.

The SPEAKER. The gentleman from Texas asks unanimous consent to extend his remarks in the Record on this bill. Is there objection?

Mr. BRIGGS. Mr. Speaker, there seems to be some confusion in the House as to whether permission to extend remarks has been granted to Members generally who speak upon this bill. I understood that that leave had been granted.

The SPEAKER. No such permission has been granted as yet.

#### HOUR OF MEETING TO-MORROW.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow. I make this request in order that we may, if possible, dispose of at least the major portion of the bill to-morrow, in order that we may have the final vote promptly at 4 o'clock on Wednesday, or possibly a little earlier, if that is agreeable to gentlemen on both sides.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that when the House adjourns to-day it adjourn to meet to-morrow at 11 o'clock. Is there objection?

There was no objection.

#### ADJOURNMENT.

Mr. MONDELL. I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 39 minutes p. m.) the House adjourned until Tuesday, November 28, 1922, at 11 o'clock a. m.

#### EXECUTIVE COMMUNICATIONS, ETC.

710. Under clause 2 of Rule XXIV, a letter from the Acting Secretary of Labor, transmitting a statement of typewriters, adding machines, and other labor-saving devices exchanged in part payment for new machines during the fiscal year ended June 30, 1922, was taken from the Speaker's table and referred to the Committee on Appropriations.

#### CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 9847) granting an increase of pension to Agnes Allen; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 12845) granting a pension to William Karch; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 12875) granting a pension to Tracey M. Halley; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. LINEBERGER: A bill (H. R. 13045) amending the Army appropriation act approved July 9, 1918, providing for appointment and retirement of officers of the Medical Reserve Corps or contract surgeons; to the Committee on Military Affairs.

By Mr. LYON: A bill (H. R. 13046) authorizing the Secretary of the Treasury to convey to the city of Wilmington, N. C., marine hospital reservation; to the Committee on Public Buildings and Grounds.

By Mr. STRONG of Kansas: A bill (H. R. 13047) to amend sections 3, 4, 6, 9, 12, and 15 of the act of Congress approved July 17, 1916, known as the Federal farm loan act; to the Committee on Banking and Currency.

By Mr. UNDERHILL: Joint resolution (H. J. Res. 395) authorizing the Director of the United States Veterans' Bureau to continue the operation of United States Veterans' Hospital No. 36; to the Committee on Interstate and Foreign Commerce.

By Mr. FOCHT: Joint resolution (H. J. Res. 396) providing funds for the maintenance of public order and the protection of life and property during the convention of the Imperial Council of the Mystic Shrine in the District of Columbia June 5, 6, and 7, 1923, and for other purposes; to the Committee on the District of Columbia.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BENHAM: A bill (H. R. 13048) to correct the military record of Jacob Shuey; to the Committee on Military Affairs.

By Mr. FROTHINGHAM: A bill (H. R. 13049) for the relief of Philip T. Post; to the Committee on Claims.

By Mr. GOULD: A bill (H. R. 13050) granting a pension to Sarah Palmer; to the Committee on Invalid Pensions.

By Mr. HARDY of Colorado: A bill (H. R. 13051) granting a pension to Henrietta F. McAuliffe; to the Committee on Invalid Pensions.

By Mr. HAWLEY: A bill (H. R. 13052) granting a pension to John Bergman; to the Committee on Pensions.

By Mr. MICHENER: A bill (H. R. 13053) for the relief of Vanrenslear Vander Cook, alias William Snyder; to the Committee on Military Affairs.

Also, a bill (H. R. 13054) granting a pension to John Wilkinson; to the Committee on Invalid Pensions.

By Mr. REECE: A bill (H. R. 13055) granting a pension to Barsha Story; to the Committee on Invalid Pensions.

By Mr. ROSE: A bill (H. R. 13056) granting an increase of pension to Eliza Jane Shoenfelt; to the Committee on Pensions.

Also, a bill (H. R. 13057) granting a pension to Laura Birkhiemer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13058) granting a pension to Carrie M. Black; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13059) granting a pension to William A. Shirley; to the Committee on Pensions.

Also, a bill (H. R. 13060) granting a pension to Millie Rex; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13061) granting a pension to Mary J. Robbette; to the Committee on Invalid Pensions.

By Mr. VOIGT: A bill (H. R. 13062) granting a pension to Maud Monrean; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13063) granting a pension to Anna Maria Craig; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6470. By the SPEAKER (by request): Petition of J. J. Castellini, of Cincinnati, Ohio, favoring the passage of the American merchant marine bill (H. R. 12817); to the Committee on the Merchant Marine and Fisheries.

6471. By Mr. KINDRED: Petition of Cleveland A. Dunn, of New York, N. Y., relative to district offices in the Department of Commerce; to the Committee on Interstate and Foreign Commerce.

6472. By Mr. KISSEL: Petition of E. F. Warner, publisher Field and Stream, New York City, N. Y., relative to the national parks; to the Committee on the Public Lands.

6473. By Mr. LYON: Resolution of Department of Christian Social Service of the Episcopal Church, submitted by Rev. Thomas C. Darst, bishop of East Carolina, asking for emergency immigration legislation for relief of Near East refugees; to the Committee on Immigration and Naturalization.

6474. By Mr. ROSE: Petition of the Democratic Women's Organization of Cambria County, Pa., requesting Enforcement Agent Davis to separate law enforcement from politics and enforce the law impartially; to the Committee on the Judiciary.

#### SENATE.

TUESDAY, November 28, 1922.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

O Lord, our God, we bless Thee that though the heaven of heavens can not contain Thee, Thou art pleased to dwell with those who are of an humble and contrite heart. Grant unto us such a disposition of mind, of will, of soul, that we may come into that happy relationship to have Thy abiding presence when undertaking responsibility, meeting the demands of duty, and asking from Thee guidance in all the pathways along which we are called to travel. Hear us, we beseech of Thee, for all who need Thy help in the great demands of the present life and engagements, and glorify Thyself in and through us. Through Christ, our Lord. Amen.

#### CALL OF THE ROLL.

Mr. HARRISON. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The reading clerk called the roll and the following Senators answered to their names:

Ball	George	McKinley	Sheppard
Bayard	Glass	McLean	Shortridge
Borah	Gooding	McNary	Simmons
Brandeggee	Hale	Myers	Smoot
Broussard	Harrell	Nelson	Sterling
Calder	Harris	New	Sutherland
Cameron	Harrison	Nicholson	Townsend
Capper	Heflin	Norris	Underwood
Culbertson	Jones, N. Mex.	Overman	Wadsworth
Cummins	Jones, Wash.	Page	Walsh, Mass.
Curtis	Kellogg	Pepper	Walsh, Mont.
Dial	Keyes	Phipps	Warren
Edge	Ladd	Pittman	Watson
Elkins	La Follette	Ransdell	Weller
Fletcher	Lodge	Rawson	Willis
Frelinghuysen	McKellar	Reed, Pa.	

Mr. FLETCHER. I desire to state that my colleague [Mr. TRAMMELL] is unavoidably absent. He is paired with the Senator from Rhode Island [Mr. COLT]. I will let this announcement stand for the day.

Mr. HARRISON. I wish to announce the unavoidable delay of my colleague, the senior Senator from Mississippi [Mr. WILLIAMS].

The PRESIDENT pro tempore. Sixty-three Senators have answered to their names. There is a quorum present.

#### THE JOURNAL.

The reading clerk proceeded to read the Journal of yesterday's proceedings.

Mr. CURTIS. I ask unanimous consent to dispense with the further reading of the Journal.

The PRESIDENT pro tempore. Is there objection?

Mr. HARRISON. Reserving the right to object for the present, I think every one will agree that we have one of the most efficient Journal clerks in the history of this body—

The PRESIDENT pro tempore. The Chair desires to observe that the question is not debatable.

Mr. HARRISON. I object, then.

The PRESIDENT pro tempore. The Secretary will read the Journal.

The reading clerk resumed the reading of the Journal, and after having read for some time,

Mr. HARRISON. There is so much confusion in the Chamber that we can not hear what the reading clerk is reading.

The PRESIDENT pro tempore. The Senate will be in order.

Mr. HARRISON. I suggest the absence of a quorum, so that Senators may hear the reading. It is very important.

Mr. CURTIS. I make the point of order that there has been no business transacted since the last call of the roll.

Mr. HEFLIN. Oh, yes, several things have happened.

The PRESIDENT pro tempore. The Secretary will proceed with the reading of the Journal, and the Senate will be in order.

Mr. CURTIS. I make the point of order that the reading of the Journal can not be interrupted by a call for a quorum.

The PRESIDENT pro tempore. The point of order is sustained, and the Secretary will proceed with the reading of the Journal.

Mr. HARRISON. I suggest that business has been transacted. Several pages of the Journal have been read, and I respectfully appeal from the decision of the Chair.

The PRESIDENT pro tempore. The Senator from Mississippi appeals from the decision of the Chair.

Mr. HARRISON. On that I ask for the yeas and nays.

The PRESIDENT pro tempore. The question is, Shall the ruling of the Chair stand as the judgment of the Senate? On which the Senator from Mississippi demands the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. BROUSSARD (when his name was called.) I have a general pair with the senior Senator from New Hampshire [Mr. MOSES]. I transfer that pair to the junior Senator from Rhode Island [Mr. GERRY], and vote "yea."

Mr. HALE (when his name was called.) I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the junior Senator from Nevada [Mr. ODDIE], and vote "yea."

Mr. SUTHERLAND (when his name was called.) I transfer my general pair with the senior Senator from Arkansas [Mr. ROBINSON] to the junior Senator from New Mexico [Mr. BURSUM], and vote "yea."

Mr. WATSON (when his name was called.) I transfer my general pair with the senior Senator from Mississippi [Mr. WILLIAMS] to the junior Senator from Missouri [Mr. SPENCER], and vote "yea."

The roll call was concluded.

Mr. EDGE. I transfer my general pair with the Senator from Oklahoma [Mr. OWEN] to the Senator from California [Mr. JOHNSON], and vote "yea."

Mr. STERLING (after having voted in the affirmative.) I have a general pair with the Senator from South Carolina [Mr. SMITH]. I find that Senator has not voted. I transfer my pair with him to my colleague [Mr. NORBECK], and permit my vote to stand.

Mr. JONES of New Mexico. I transfer my general pair with the Senator from Maine [Mr. FERNALD] to the Senator from Arizona [Mr. ASHURST], and vote "yea."

Mr. GLASS. I have a general pair with the senior Senator from Vermont [Mr. DILLINGHAM]. In his absence I withhold my vote.

Mr. CURTIS. I desire to announce the following pairs:

The Senator from Rhode Island [Mr. COLT] with the Senator from Florida [Mr. TRAMMELL];

The junior Senator from Kentucky [Mr. ERNST] with the senior Senator from Kentucky [Mr. STANLEY];

The Senator from Illinois [Mr. McCORMICK] with the Senator from Wyoming [Mr. KENDRICK]; and

The Senator from North Dakota [Mr. McCUMBER] with the Senator from Utah [Mr. KING].

The result was announced—yeas 60, nays 1, as follows:

#### YEAS—60.

Ball	Edge	Harrison	McKellar
Borah	Elkins	Heflin	McKinley
Brandeggee	Fletcher	Jones, N. Mex.	McLean
Broussard	Frelinghuysen	Jones, Wash.	McNary
Calder	George	Kellogg	Myers
Cameron	Gooding	Keyes	Nelson
Capper	Hale	Ladd	New
Caraway	Harrell	La Follette	Nicholson
Curtis	Harris	Lodge	Norris